

Idaho Economic Forecast

C.L. "Butch" Otter, Governor

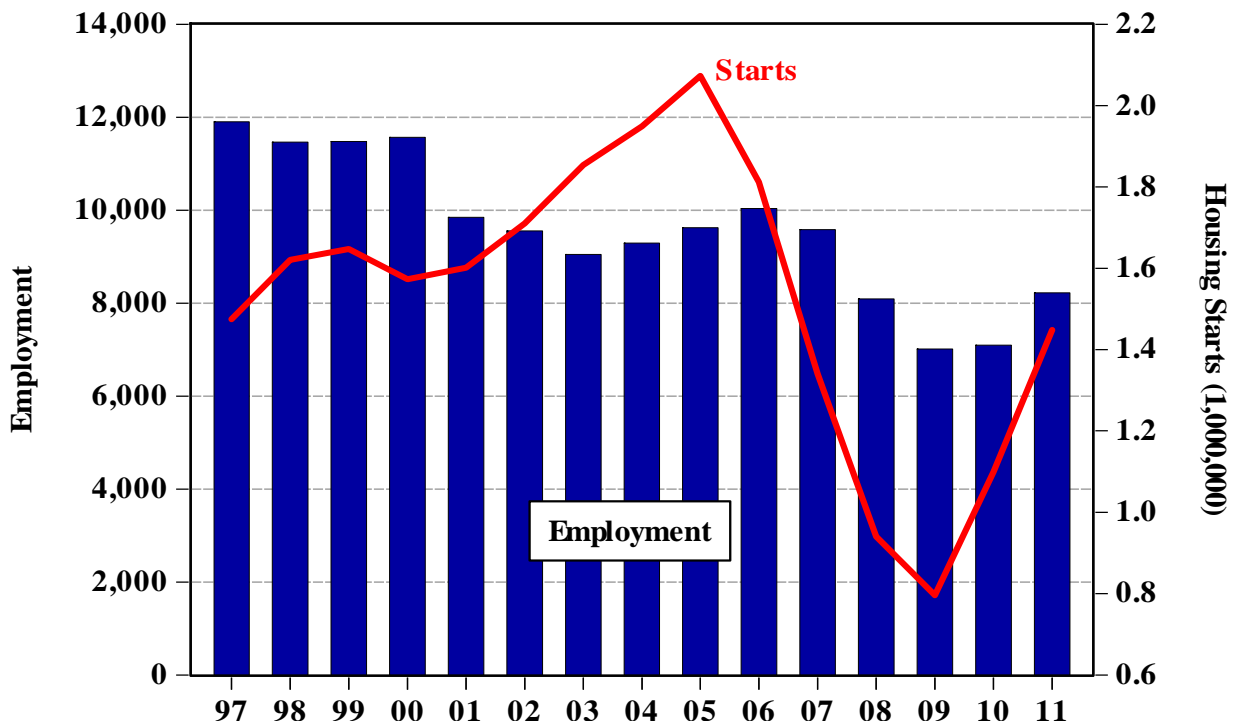
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- Forecast 2008-2011
- Oil Prices and Inflation
- Alternative Forecasts

Idaho Wood Product Employment and U.S. Housing Starts



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**IDAHO
ECONOMIC
FORECAST
2008 - 2011**

State of Idaho
C.L. “BUTCH” OTTER
Governor

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PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit card companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. The continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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INTRODUCTION

The national forecast presented in this publication is the October 2008 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the July 2008 Global Insight baseline national forecast.

The national housing slump is expected to get worse before it gets better, which will have a negative impact on Idaho's logging and wood products sector. The U.S. housing starts slide began in the second quarter of 2006, and it has fallen in every quarter except one since then. Unfortunately, it is expected to continue dropping through the first half of next year and hit bottom with 738,000 starts. It should start growing again in the second half of 2009, but the recovery is not likely to be strong enough to return housing starts to its pre-slump peak of 2.1 million units. Idaho logging and wood products employment benefited from the mid-decade boost in housing starts, but will decline as housing starts stall. On an annual basis, Idaho logging and wood products employment is forecast to drop about 15% this year and 13% next before advancing 1.2% in 2010 and 15.8% in 2011.

FEATURE

The feature article, "Oil Prices and Inflation," was written by Michele Cavallo. It examines the impact of rising oil prices on core inflation over the last decade for four economies: the U.S., the euro area, Canada, and the U.K. This study finds some evidence that rising oil prices have had a positive and significant effect on the euro area, but no systematic evidence that the rising oil prices have had an impact on core inflation in the three other countries. The author is an economist with the Federal Reserve Bank of San Francisco.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1994 to 2011 and for every quarter from 2006 through 2011. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2008.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The Idaho Department of Labor provides monthly historical employment data that are seasonally adjusted and converted to quarterly frequencies by the Idaho Division of Financial Management (DFM). These adjusted data include final employment numbers through the second quarter of 2008 and estimates for the third quarter of this year. These data show there were 1,800 fewer jobs in the second quarter of 2008 than had been reported in the July 2008 *Idaho Economic Forecast* and there were 4,100 fewer jobs in this year's third quarter than had been earlier forecast.

The tables in this forecast include the U.S. Bureau of Economic Analysis' (BEA) September 18, 2008 estimates of Idaho quarterly personal income through the second quarter of 2008. The next round of Idaho quarterly personal income estimates is scheduled to be published on December 18, 2008 and will run through the third quarter of 2008.

Another change to the forecast was most of the stochastic equations in the model were updated to reflect the availability of additional data. Also, the structural forms for several of these equations were reviewed in detail and changed when doing so improved their performances.

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EXECUTIVE SUMMARY

The next few years will be even more challenging for the Idaho economy than had been previously thought. The most notable change has to do with employment. In July 2008 DFM forecast Idaho nonfarm employment would decrease at a 0.4% annual rate in the second quarter of this year but rise at the same pace in the following quarter. Employment actually declined at a 1.7% annual clip in the second quarter and fell another 1.1% in the third quarter. As a result of these consecutive declines, Idaho nonfarm employment was approximately 4,100 lower than expected in this year's third quarter. The lower starting point for employment, along with the slower growing U.S. economy, paints a picture of disappointing future growth. Idaho nonfarm employment is expected to advance an average of 0.5% annually through 2011. Idaho's employment situation is weakest in 2008 and 2009. In fact, employment is expected to shrink in both of these years, averaging just 642,807 jobs next year. The year after next is expected to be a transition year, with Idaho growing slowly as it begins to shake off the effects of the national recession. Idaho nonfarm employment is forecast to rise 1.4% in 2010. This pace is faster than the national growth rate, but it is slower than the 1.9% rate previously forecast for Idaho. Employment growth does improve to 2.9% in 2011, but this is barely above the 2.8% predicted in July 2008. As a result, in 2011 there are 670,812 jobs, which is about 20,000 lower than in the previous forecast. Like employment, Idaho personal income can also be divided into two distinct periods based on growth. Unlike employment, however, Idaho nominal personal income does not decline. Specifically, it advances 3.4% in 2008 and 3.1% in 2009. The pace quickens to an average of about 4.5% per year in 2010 and 2011. Adjusting for inflation, Idaho personal income is flat in 2008 then grows 1.6% in 2009, 2.3% in 2010, and 3.9% in 2011. Despite accelerating growth over the forecast period, Idaho real personal income fails to match the previous forecast's performance, and it is about \$600 million lower in 2011 compared to the July 2008 projection.

The next two years will be challenging for the U.S. economy. Indeed, Global Insight believes the economy already slipped into a recession in this year's third quarter. The current forecast assumes the recession lasts for three months, with a peak-to-trough decline of 0.6%. The unemployment rate is expected to rise to 7.5%. In summary, this recession is likely to be more like the 1981-82 recession than the mild 1990-91 and 2001 downturns. The economic evidence for a recession is hard to ignore. Most notably, in its latest GDP report, the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) showed real output shrank 0.3% in the third quarter of 2008—its worst showing since the third quarter of 2001. Part of the disappointing GDP estimate reflects retrenching consumers. The BEA shows consumer spending fell 3.1% in the third quarter—its biggest dip since 1990. Stock markets around the world plunged this fall as the flow of funds through the financial system has, in effect, seized up. The seizing up of credit is working its way into the broader economy, making it harder for consumers, businesses, and state and local governments to obtain credit. Thus they have cut back on spending, investment, and hiring. Central banks and governments are trying to stem the panic with every tool possible. The Federal Reserve lowered its federal funds rate to 1.0% on October 29, 2008 and is now lending directly to nonfinancial corporations. The U.S. Treasury has been given unprecedented powers. Congress passed and the President signed into law the \$700-billion Troubled Asset Relief Program (TARP). Real GDP is expected to start growing again in the second quarter of 2009. It is forecast to grow slowly at first, remaining under 3.0% growth until the second quarter of 2010. Other closely watched economic measures will take longer to recover. Nonfarm employment will eke out its first gain in the last quarter of 2009, and not grow faster than 1.5% until the beginning of 2011. Real personal income is forecast to drop below 3.0% growth in the second half of 2008 and remain there until late 2009. The economy's stride should pick up in 2011. In that year real GDP expands 3.1%, employment grows 1.7%, and real personal income increases 2.9%.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
OCTOBER 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S. GDP (BILLIONS)												
Current \$	9,817	10,128	10,470	10,961	11,686	12,422	13,178	13,808	14,352	14,655	15,240	15,983
% Ch	5.9%	3.2%	3.4%	4.7%	6.6%	6.3%	6.1%	4.8%	3.9%	2.1%	4.0%	4.9%
2000 Chain-Weighted	9,817	9,891	10,049	10,301	10,676	10,990	11,295	11,524	11,694	11,717	11,997	12,369
% Ch	3.7%	0.8%	1.6%	2.5%	3.6%	2.9%	2.8%	2.0%	1.5%	0.2%	2.4%	3.1%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	31,290	33,054	33,849	34,816	38,079	40,853	44,389	47,536	49,176	50,677	52,760	55,947
% Ch	7.6%	5.6%	2.4%	2.9%	9.4%	7.3%	8.7%	7.1%	3.4%	3.1%	4.1%	6.0%
Idaho Nonfarm (Millions)	30,448	32,039	32,921	34,099	37,100	39,993	43,748	46,497	48,279	49,550	51,604	54,751
% Ch	8.5%	5.2%	2.8%	3.6%	8.8%	7.8%	9.4%	6.3%	3.8%	2.6%	4.1%	6.1%
U.S. (Billions)	8,430	8,724	8,882	9,164	9,727	10,270	10,994	11,663	12,174	12,503	12,966	13,624
% Ch	8.0%	3.5%	1.8%	3.2%	6.2%	5.6%	7.1%	6.1%	4.4%	2.7%	3.7%	5.1%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	31,289	32,376	32,690	32,970	35,127	36,608	38,705	40,400	40,304	40,948	41,900	43,532
% Ch	5.0%	3.5%	1.0%	0.9%	6.5%	4.2%	5.7%	4.4%	-0.2%	1.6%	2.3%	3.9%
Idaho Nonfarm (Millions)	30,447	31,382	31,795	32,290	34,223	35,838	38,147	39,517	39,570	40,037	40,983	42,601
% Ch	5.9%	3.1%	1.3%	1.6%	6.0%	4.7%	6.4%	3.6%	0.1%	1.2%	2.4%	3.9%
U.S. (Billions)	8,429	8,545	8,578	8,678	8,973	9,203	9,587	9,912	9,978	10,103	10,298	10,601
% Ch	5.4%	1.4%	0.4%	1.2%	3.4%	2.6%	4.2%	3.4%	0.7%	1.3%	1.9%	2.9%
HOUSING STARTS												
Idaho	11,500	12,207	13,230	16,393	18,668	23,371	19,439	14,254	9,305	9,339	10,667	13,349
% Ch	11.0%	6.1%	8.4%	23.9%	13.9%	25.2%	-16.8%	-26.7%	-34.7%	0.4%	14.2%	25.1%
U.S. (Millions)	1,573	1,601	1,710	1,854	1,950	2,073	1,812	1,341	0,941	0,796	1,099	1,448
% Ch	-4.5%	1.8%	6.8%	8.4%	5.2%	6.3%	-12.6%	-26.0%	-29.8%	-15.4%	38.1%	31.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	558,583	568,035	568,047	572,552	588,072	611,728	638,915	656,300	651,693	642,807	651,780	670,812
% Ch	3.8%	1.7%	0.0%	0.8%	2.7%	4.0%	4.4%	2.7%	-0.7%	-1.4%	1.4%	2.9%
U.S. (Thousands)	131,794	131,830	130,340	129,996	131,419	133,695	136,092	137,618	137,496	136,102	137,150	139,455
% Ch	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.1%	-1.0%	0.8%	1.7%
SELECTED INTEREST RATES												
Federal Funds	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	5.0%	5.0%	2.2%	1.2%	2.9%	4.6%
Bank Prime	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	8.1%	5.2%	4.2%	5.9%	7.6%
Existing Home Mortgage	8.0%	7.0%	6.5%	5.7%	5.7%	5.9%	6.6%	6.5%	6.1%	5.7%	6.5%	7.2%
INFLATION												
GDP Price Deflator	2.2%	2.4%	1.7%	2.1%	2.9%	3.3%	3.2%	2.7%	2.5%	1.9%	1.6%	1.7%
Personal Cons Deflator	2.5%	2.1%	1.4%	2.0%	2.6%	2.9%	2.8%	2.6%	3.7%	1.4%	1.7%	2.1%
Consumer Price Index	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.9%	4.3%	1.3%	2.1%	2.4%

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
OCTOBER 2008

	2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	14,151	14,295	14,472	14,491	14,524	14,595	14,686	14,816	14,978	15,153	15,334	15,494
% Ch	3.5%	4.1%	5.1%	0.5%	0.9%	2.0%	2.5%	3.6%	4.4%	4.8%	4.9%	4.2%
2000 Chain-Weighted	11,646	11,727	11,723	11,679	11,659	11,694	11,728	11,788	11,862	11,954	12,048	12,123
% Ch	0.9%	2.8%	-0.2%	-1.5%	-0.7%	1.2%	1.1%	2.1%	2.5%	3.1%	3.2%	2.5%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	48,280	49,055	49,617	49,751	50,163	50,494	50,811	51,240	51,791	52,404	53,072	53,772
% Ch	-2.0%	6.6%	4.7%	1.1%	3.4%	2.7%	2.5%	3.4%	4.4%	4.8%	5.2%	5.4%
Idaho Nonfarm (Millions)	47,415	48,358	48,596	48,748	49,065	49,344	49,687	50,104	50,638	51,259	51,914	52,606
% Ch	-0.4%	8.2%	2.0%	1.3%	2.6%	2.3%	2.8%	3.4%	4.3%	5.0%	5.2%	5.4%
U.S. (Billions)	11,961	12,189	12,254	12,292	12,381	12,454	12,539	12,637	12,756	12,890	13,036	13,184
% Ch	3.0%	7.9%	2.2%	1.3%	2.9%	2.4%	2.8%	3.2%	3.8%	4.3%	4.6%	4.6%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,139	40,360	40,270	40,446	40,734	40,897	40,990	41,169	41,420	41,727	42,059	42,396
% Ch	-5.4%	2.2%	-0.9%	1.8%	2.9%	1.6%	0.9%	1.8%	2.5%	3.0%	3.2%	3.2%
Idaho Nonfarm (Millions)	39,420	39,786	39,442	39,631	39,843	39,966	40,084	40,257	40,498	40,815	41,141	41,476
% Ch	-3.9%	3.8%	-3.4%	1.9%	2.2%	1.2%	1.2%	1.7%	2.4%	3.2%	3.2%	3.3%
U.S. (Billions)	9,944	10,028	9,946	9,993	10,054	10,087	10,116	10,154	10,202	10,264	10,331	10,394
% Ch	-0.6%	3.5%	-3.3%	1.9%	2.4%	1.3%	1.1%	1.5%	1.9%	2.5%	2.6%	2.5%
HOUSING STARTS												
Idaho	9,125	9,295	9,387	9,413	9,033	9,188	9,870	9,265	10,232	10,599	10,575	11,265
% Ch	-56.8%	7.7%	4.0%	1.1%	-15.2%	7.0%	33.2%	-22.4%	48.7%	15.1%	-0.9%	28.8%
U.S. (Millions)	1,053	1,025	0,902	0,783	0,743	0,738	0,819	0,884	0,961	1,051	1,135	1,251
% Ch	-30.0%	-10.2%	-40.1%	-43.2%	-18.9%	-2.6%	51.2%	36.3%	39.4%	42.8%	36.0%	47.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	655,670	652,805	651,078	647,218	644,245	642,189	641,744	643,049	646,530	649,711	653,351	657,529
% Ch	-1.8%	-1.7%	-1.1%	-2.4%	-1.8%	-1.3%	-0.3%	0.8%	2.2%	2.0%	2.3%	2.6%
U.S. (Thousands)	137,917	137,699	137,448	136,919	136,436	136,019	135,899	136,054	136,405	136,873	137,398	137,924
% Ch	-0.3%	-0.6%	-0.7%	-1.5%	-1.4%	-1.2%	-0.4%	0.5%	1.0%	1.4%	1.5%	1.5%
SELECTED INTEREST RATES												
Federal Funds	3.2%	2.1%	2.0%	1.6%	1.1%	1.0%	1.2%	1.7%	2.2%	2.7%	3.2%	3.7%
Bank Prime	6.2%	5.1%	5.0%	4.6%	4.1%	4.0%	4.2%	4.7%	5.2%	5.7%	6.2%	6.7%
Existing Home Mortgage	6.0%	6.1%	6.4%	5.9%	5.6%	5.6%	5.8%	5.9%	6.1%	6.3%	6.6%	6.8%
INFLATION												
GDP Price Deflator	2.6%	1.1%	5.0%	2.0%	1.6%	0.7%	1.4%	1.5%	1.8%	1.6%	1.6%	1.7%
Personal Cons Deflator	3.6%	4.3%	5.6%	-0.7%	0.5%	1.0%	1.6%	1.6%	1.9%	1.8%	1.9%	2.1%
Consumer Price Index	4.3%	5.0%	7.0%	-1.9%	0.0%	0.7%	2.2%	2.1%	2.1%	2.1%	2.2%	2.6%

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2008

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2008 through the Fourth Quarter of 2011

The next two years will be challenging for the economy. Since the first signs of crisis in the financial markets surfaced in the summer of 2007, the worst fear was the financial crisis and economic slowdown would reinforce each other and tip the economy into a recession. These fears were magnified with the steady stream of dismal economic news and the financial market meltdown this summer. Indeed, Global Insight believes the economy already slipped into a recession in this year's third quarter. The current forecast assumes the recession lasts for three months, with a peak-to-trough decline of 0.6%. The unemployment rate is expected to rise to 7.5%. In summary, this recession is likely to be more like the 1981-82 recession than the mild 1990-91 and 2001 downturns.

The economic evidence for a recession is hard to ignore. Most notably, in its latest GDP report, the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) showed real output shrank 0.3% in the third quarter of 2008—its worst showing since the third quarter of 2001. Part of the disappointing GDP estimate reflects retrenching consumers. The BEA shows consumer spending fell 3.1% in the third quarter—its biggest dip since 1990. This drop occurred as households watched their net worth drop with the stock market, credit becomes harder to get, and their home values decline. Consumers are also worried about job security as they hear of ongoing job losses and watch the unemployment rate rise. Given these factors, it's no wonder consumer confidence is at record lows. Other parts of the economy are also at risk. Export growth is no longer strong enough to keep manufacturing afloat. Housing starts drop below one million units.

Stock markets around the world plunged this fall as the flow of funds through the financial system has, in effect, seized up. The interbank market is not functioning, and the only asset investors seem comfortable holding is government debt. The seizing up of credit is working its way into the broader economy, making it harder for consumers, businesses, and state and local governments to obtain credit. Thus they have cut back on spending, investment, and hiring.

Central banks and governments are trying to stem the panic with every tool possible. The Federal Reserve lowered its federal funds rate to 1.0% on October 29, 2008. However, it has also used less traditional tools. It is now lending directly to nonfinancial corporations. The U.S. Treasury has been given unprecedented powers. Congress passed and the President signed into law the \$700-billion Troubled Asset Relief Program (TARP). The impact on the deficit will ultimately depend on the prices paid for assets compared to the earnings received from the assets and the prices at which they sell. This measure allows the U.S. Treasury to purchase "bad assets" from financial institutions. However, the use of TARP continues to evolve.

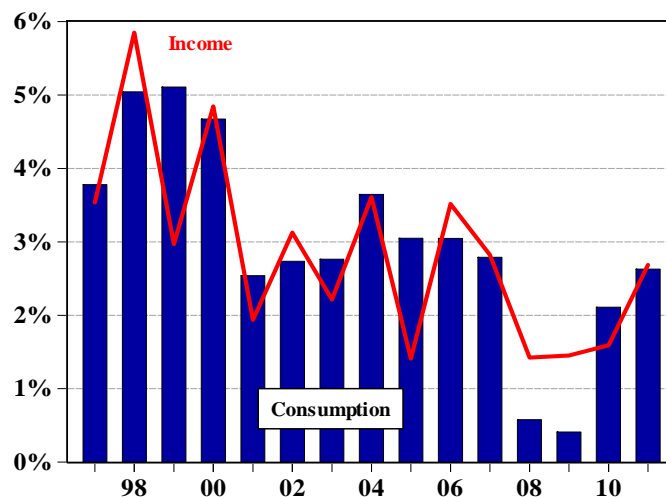
Real GDP is expected to start growing again in the second quarter of 2009. It is forecast to grow slowly at first, remaining under 3.0% growth until the second quarter of 2010. Other closely watched economic measures will take longer to recover. Nonfarm employment will eke out its first gain in the last quarter of 2009, and not grow faster than 1.5% until the beginning of 2011. Real personal income is forecast to drop below 3.0% growth in the second half of 2008 and remain there until late 2009. The economy's stride should pick up in 2011. In that year real GDP expands 3.1%, employment grows 1.7%, and real personal income increases 2.9%.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: It appears any light at the end of consumer spending's current tunnel remains dim. The downturn in real consumer spending that began this June will be exacerbated by the deepening financial crisis, as credit availability to finance major purchases is restricted. In a vicious cycle, rising unemployment and falling home prices are driving up credit delinquency and foreclosure rates. The automotive market has been particularly hard hit, as annual sales have dropped to a 16-year low of 12.9-million units in the third quarter—down 19% from the previous year. Spending on home furnishings, clothing, restaurant meals, and personal care products has also fallen off in recent months. It is estimated real consumer spending fell at a 2.8% pace in this year's third quarter—its first quarterly drop since 1991. A further spending drop is predicted for the last quarter of 2008.

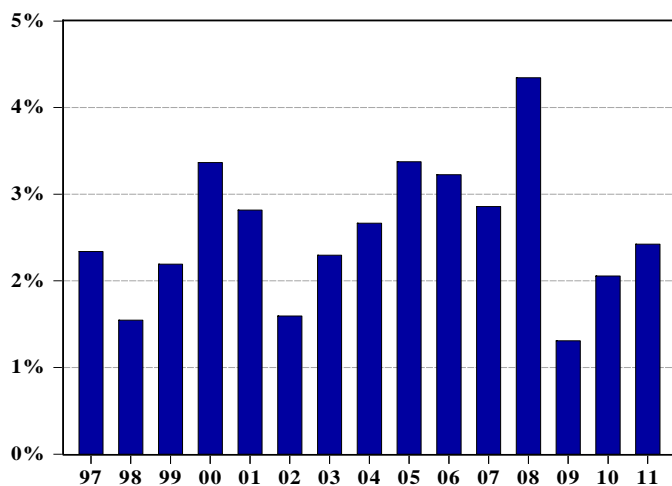
Consumers are facing the multiple headwinds of declining employment, losses on housing and financial assets, and tightening credit. Even the benefits of falling energy prices cannot offset the drag of these factors. The recent stock market plunge brings the cumulative loss in household net worth since the summer of 2007 to nearly \$7 trillion, or about 12%. This drop is comparable to the 2000-02 setback caused by the high-tech implosion. It has been estimated that this will reduce spending by \$350 billion. In order for real spending to recover, the housing market must stabilize and credit markets must improve. It is anticipated real consumer spending will begin its gradual recovery in late 2009 and early 2010. Real spending is forecast to grow just 0.6% in 2008 and 0.4% in 2009. After those years, spending will advance 2.1% in 2010 and 2.6% in 2011. The number of light vehicle sales is expected to decline both this year and next, and then climb to 15.5 units in 2011. After plunging over 12% in 2008, real household net worth will rise over the forecast period, but not enough to reach its 2007 level.

U.S. Real Consumption and Disposable Income Growth



Source: Global Insight

Consumer Price Inflation



Source: Global Insight

Inflation: The inflation situation has improved, which has provided the Federal Reserve more options to respond to the financial meltdown and the recession. With energy prices retreating, the fears of runaway inflation have receded. The gloomy economic outlook caused the price of West Texas Intermediate (WTI) to drop 11% in September and fade to below \$80 per barrel in the first part of October. Gasoline prices spiked in mid-September as Hurricane Ike badly disrupted refinery operations and sent inventories plummeting. However, supplies have improved in recent weeks, and prices have fallen as a result. On an annual basis the price of oil is expected to be about \$108 per barrel in 2008, \$90 per barrel in 2009,

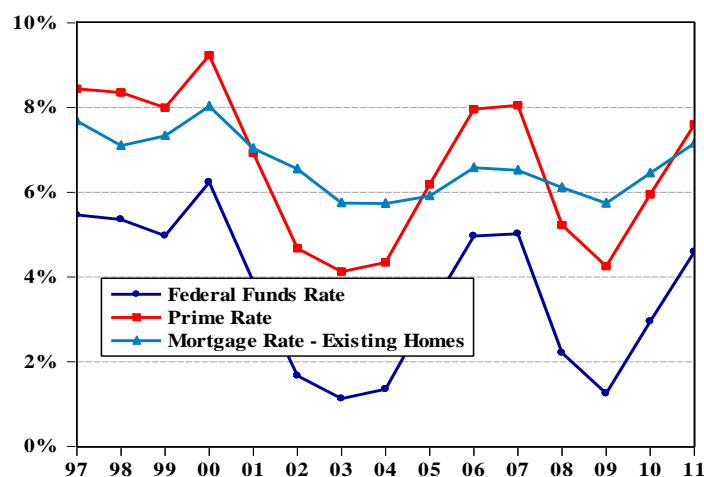
\$92.00 per barrel in 2010, and \$102 per barrel in 2011. The price per gallon of gasoline at the pump is expected to go from \$3.52 this year to \$3.17 next year, to \$3.30 in 2010, and to \$3.50 in 2011. Despite this improvement, cause for concern remains. Core personal consumption expenditure (PCE) inflation in August was 2.6% above the previous year, which is well outside the Federal Reserve's comfort zone of 1.5% to 2.0%. While it is cause for concern, it is not cause for alarm. A return to 1970s-style wage-price spirals is unlikely given the weak job outlook. The continually improving inflation fundamentals mean a further and faster decline in core consumer inflation than had been estimated previously. Core PCE year-over-year inflation drops from 2.5% to 2.4% during the final two quarters of this year, and then falls to 1.6% in the fourth quarter of 2009. Long-term inflation expectations remain anchored and keep core PCE inflation below 2.0% into 2012. Overall inflation, as measured by the consumer price index, is forecast to be 4.3% in 2008, 1.3% in 2009, 2.1% in 2010, and 2.4% in 2011.

Financial Markets: "Drastic times demand drastic measures" seems inadequate to describe recent events in the financial sector. Financial market pressures continued to escalate this fall, with major pressure points in both U.S. and European markets. In response, Congress passed and the President signed into law the \$700-billion Troubled Asset Relief Program (TARP). The impact on the deficit will ultimately depend on the prices paid for assets compared to the earnings received from the assets and the prices at which they sell. This forecast assumes the program will incur a loss of \$165 billion, and this amount has been added to the fiscal 2009 federal budget deficit. This measure allows the U.S. Treasury to purchase "bad assets" from financial institutions.

However, the use of TARP continues to evolve. It now seems that TARP will be used not just to remove illiquid assets from balance sheets, but also as a vehicle to inject capital into banks. The Federal Reserve has massively ramped up efforts to provide liquidity to the marketplace, and it took further steps to support the commercial paper market by adding a loan program for banks to purchase asset-backed commercial paper, plus a more recently announced program to directly purchase commercial paper from the marketplace. As a result of this wide array of programs, the Federal Reserve is expected to expand its balance sheet by about \$600 billion (66%), supported by an expansion of its account at the U.S. Treasury. The nation's central bank has also resorted to a more traditional method of keeping the economy going. In early October it reduced its federal funds rate by 50 basis points to 1.50% followed by another 50-basis point cut at the end of the month. The Federal Reserve is able to cut more aggressively thanks to easing inflationary pressures.

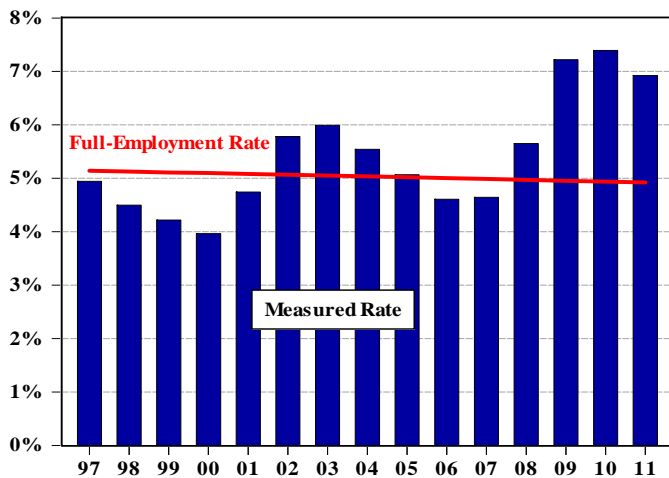
Employment: Nonfarm employment has declined in every month this year, and it is expected to continue falling through most of next year before experiencing an anemic recovery. Nonfarm employment decreased by 159,000 in September—more than twice as much as the average (75,000 jobs) for the previous eight months and its biggest monthly decline since March 2003. And the situation was even worse than the reported numbers because September's decline does not include the 27,000 striking Boeing workers. They were excluded because the strike started after the September survey week. However, they will be included in the October numbers. So far this year, a total of 760,000 jobs have

Selected U.S. Interest Rates



Source: Global Insight

U.S. Civilian Unemployment Rate



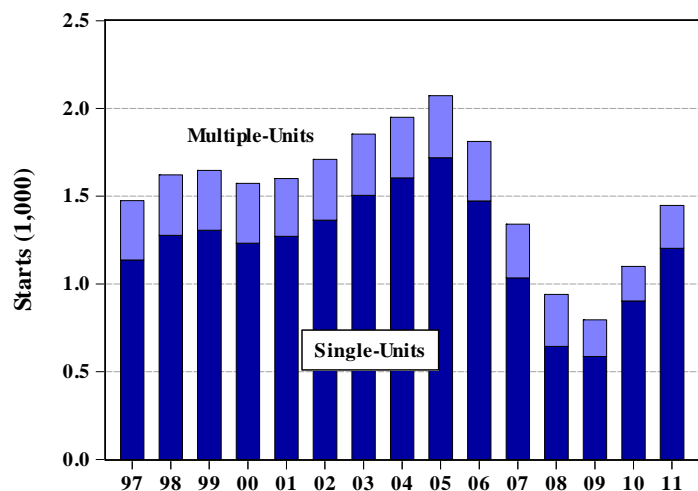
Source: Global Insight

been lost this year. Another symptom of the ailing labor market is private hours worked dropped 0.5%. The U.S. civilian unemployment rate in September was 6.1%. While it is unchanged from the previous month, it is 1.4 percentage points above its year-ago level. Unfortunately, things are forecasted to get worse. On a cumulative basis, the job market's decline is only about one-third of the way done. That is, nonfarm payrolls are forecast to fall by more than 2.1-million jobs peak to trough during this recession. After suffering back-to-back losses in 2008 and 2009, employment should grow by under 1.0% in 2010 and 1.7% in 2011. At this pace, the number of jobs lost is not recovered until the beginning of 2011.

The civilian unemployment rate is forecast to rise steadily to a peak of 7.5% at the end of next year and remain there through the first half of 2010. As a result of the weak labor market, the employment cost index growth is expected to drop below 3.0% percent during the last three years of the forecast. This slowdown in employment costs should help keep a lid on future inflation.

Housing: Signs of the housing industry's recovery remain elusive. The fundamental problem is the inventory overhang, which is contributing to falling house prices and rising foreclosures. In addition, housing's outlook has dimmed because of the financial markets turmoil. Housing starts are forecast to slide during 2008, and slip beneath the 1-million-unit mark this year for the first time since 1945, and drop to 800,000 units in 2009. Housing starts hit bottom (738,000 units) in the second quarter of 2009. On an annual basis, there are expected to be 941,000 starts in 2008, 796,000 starts in 2009, 1,099,000 starts in 2010, and 1,448,000 starts in 2011. Given the drag from housing starts, residential investment is expected to reduce real GDP growth by about one percentage point this year and one-half percentage point in 2009. The existing home market is feeling downward pressures from several sources. These factors include tight credit, job losses, falling real home prices in most metro areas, and low consumer confidence. Thus, despite a recent leveling of sales, it is anticipated existing home sales will fall from 4.8 million units in 2008, to 4.5 million units in 2009, then rise to 4.6 million units in 2010, and to 5.2 million units in 2011. Housing prices will also continue falling because inventory levels remain near record highs and foreclosures are still rising. As a result, the median price of an existing home is expected to drop 17% from the second quarter of this year to

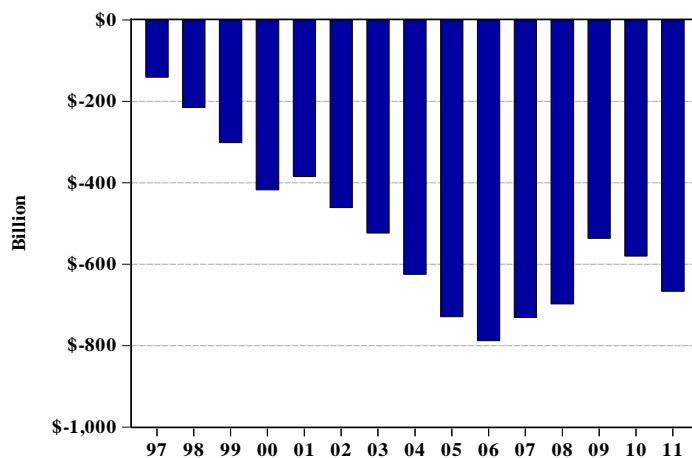
U.S. Housing Starts



Source: Global Insight

its nadir in early 2009. The median price of an existing home is forecast to decline 8.9% in both 2008 and 2009, advance just 0.8% in 2010, and rise 4.3% in 2011.

U.S. Current Trade Deficit



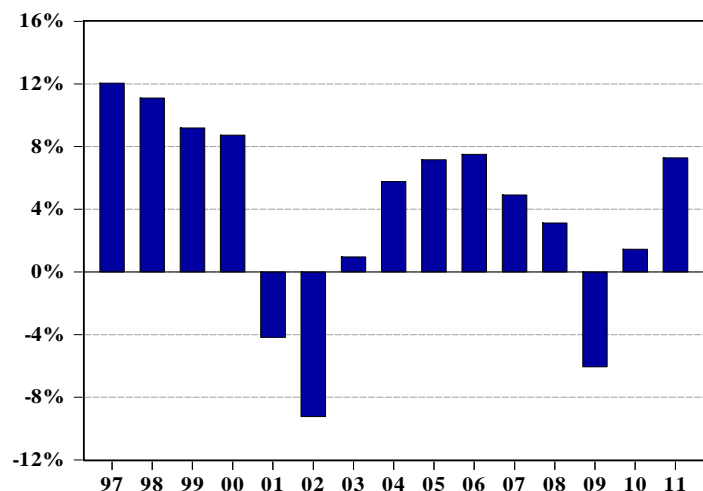
Source: Global Insight

International: The global economy is expected to cool over these next two years, with the biggest hit coming in 2009. Specifically, the world's real economic output is forecast to go from 3.9% in 2007 to 2.8% in 2008 then to 2.1% in 2009. United States economic growth is forecast to down shift from 2.0% in 2007 to 1.5% this year and then nearly stall at 0.2% next year. However, the United States will not suffer alone. Japan is expected to eke out just 0.6% growth in 2008 and 0.4% growth in 2009, which is down from its 2.0% gain in 2007. European economic growth, which enjoyed a 2.6% pace in 2007, is anticipated to slow to 1.1% in 2008 and 0.4% in 2009. Two of the United States'

closest trade partners, Mexico and Canada, are hard hit by the global slowdown. Mexico's output growth is projected to drop from 3.2% in 2007 to 1.8% in 2008 and 1.0% in 2009. After growing 2.7% in 2007, Canadian real GDP is forecast to advance by less than one percent in both 2008 and 2009. South America should grow 4.9% this year and 3.7% next year. Asia except for Japan will remain the strongest growing region, but it will not be immune from the global slowing. This region's economy advanced 8.3% in 2007, but will grow "just" 6.8% in 2008 and 6.1% in 2009. China will be the economic growth champion, even though it is expected to slow from last year's nearly 12% pace to 9.8% in 2008 and 8.4% in 2009. Net exports are expected to improve over these two years as exports rise and imports fall. The latter reflects a huge decline in the country's petroleum import bill that is expected to drop 15.8% from 2008 to 2009. On the balance of payments basis, the U.S. current account deficit is expected to be \$698 billion in 2008, \$536 billion in 2009, \$580 billion in 2010, and \$666 billion in 2011.

Business Investment: The deteriorating conditions in the financial markets do not bode well for business investment. After being boosted by recent surges in oil drilling and in manufacturing construction, nonresidential construction is expected to begin a seven-quarter slump, where most categories decline at double-digit rates in 2009. The credit crunch will hit businesses hard. They will find it difficult to finance some projects and opt to preserve cash rather than finance projects. Spending on equipment and software will struggle in this environment. Real equipment and software spending is expected to increase in the fourth quarter, as businesses race to take advantage of the accelerated depreciation

Real Business Investment



Source: Global Insight

packages that were part of last winter's stimulative package. However, it drops in the following quarter—payback for the fourth-quarter binge—and should drop again in the second quarter. On an annual basis, real investment on equipment and software is expected to drop 0.5% in 2008 and then by 2.8% in 2009. After suffering two years of decline, equipment and software investment increases 5.5% in 2010 and 8.7% in 2011. In the aggregate, nonresidential fixed investment is forecast to increase 3.1% this year, plunge 6.1% next year, rise 1.4% in 2010, and expand 7.3% in 2011. It is important to keep in mind that given recent uncertainties in financial markets business investment could be hit harder. Specifically, it has been calculated real spending on equipment and software could drop nearly 11% in 2009 and business investment could decline 12.4% under the assumptions of Global Insight's *Pessimistic Scenario*.

Government: The federal unified budget deficit is projected to come under substantial pressure in fiscal years 2009 and 2010, the results of slower revenue growth and higher expenditures. The cooling economy causes federal revenue to increase a meager 0.2% in 2009 and advance 5.1% in 2010. The bump in federal government expenditures results from two sources. The first is the Troubled Asset Relief Program (TARP). It is anticipated this program will incur losses with a present value of about \$165 billion, which has been added to the 2009 federal budget deficit. Second, it is assumed the federal government will enact another round of fiscal stimulus to help kick start the economy. It is assumed to be a \$50 billion package that will be implemented soon after the new president is elected. It includes \$10 billion in extra transfer payments, \$15 billion in extra transfers to the states to support Medicaid, and \$25 billion in funding for infrastructure spending. This additional spending starts in the second half of 2009 and lasts through 2010. Under these conditions, the federal unified budget deficit goes from \$406.4 billion this year, to \$786.6 billion next year, to \$592.3 billion in 2010, and to \$504.3 billion in 2011.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2008 through the Fourth Quarter of 2011

The next few years will be even more challenging for the Idaho economy than had been previously thought. Its economic outlook has darkened due to newly available historical data which show the Gem State's economy grew weaker than anticipated during the middle of this year and prospects for the U.S. economy have cooled dramatically since this summer. The most notable change has to do with employment. In July 2008 DFM forecast Idaho nonfarm employment would decrease at a 0.4% annual rate in the second quarter of this year but rise at the same pace in the following quarter. Recent historical data shows we were too optimistic. Employment actually declined at a 1.7% annual clip in the second quarter and fell another 1.1% in the third quarter. As a result of these consecutive declines, Idaho nonfarm employment was approximately 4,100 lower than expected in this year's third quarter. Interestingly, Idaho nominal personal income was up slightly (\$14 million) from the previous forecast in the second quarter of 2008. However, this advantage disappears when it is adjusted for inflation.

The lower starting point for employment, along with the slower growing U.S. economy, paints a picture of disappointing future growth. Idaho nonfarm employment is expected to advance an average of 0.5% annually through 2011. However, using this growth rate masks the anticipated huge employment swings. To get a more accurate picture, the forecast horizon needs to be viewed in two parts, each covering two years. Idaho's employment situation is weakest in 2008 and 2009. In fact, employment is expected to shrink in both of these years, averaging just 642,807 jobs next year. Not only is this amount lower than in 2007, it is also below the amount forecast last July. To recap, the previous forecast showed nonfarm employment declining 0.2% this year and rising 0.7% next year, with a net result of 659,866 jobs in 2009—or about 17,100 more than in the current forecast.

The year after next is expected to be a transition year, with Idaho growing slowly as it begins to shake off the effects of the national recession. Idaho nonfarm employment is forecast to rise 1.4% in 2010. This pace is faster than the national growth rate, but it is slower than the 1.9% rate previously forecast for Idaho. As a result, the job gap that began in 2008 widens in 2010, so there are nearly 20,600 fewer jobs in 2010. Employment growth does improve to 2.9% in 2011, but this is barely above the 2.8% predicted in July 2008. Thus, in 2011, Idaho nonfarm employment stands at 670,812 jobs, which is about 20,000 lower than in the previous forecast.

Like employment, Idaho personal income can also be divided into two distinct periods based on growth. Unlike employment, however, Idaho nominal personal income does not decline. Specifically, it advances 3.4% in 2008 and 3.1% in 2009. The pace quickens to an average of about 5.0% per year in 2010 and 2011. As with employment, Idaho nominal personal income is lower and the gap between the two forecasts widens over time, so that it is \$1.2 billion lower in 2011. Adjusting for inflation, Idaho personal income is flat in 2008 then grows 1.6% in 2009, 2.3% in 2010, and 3.9% in 2011. Despite accelerating growth over the forecast period, Idaho real personal income fails to match the previous forecast's performance, and it is about \$600 million lower in 2011 compared to the July 2008 forecast.

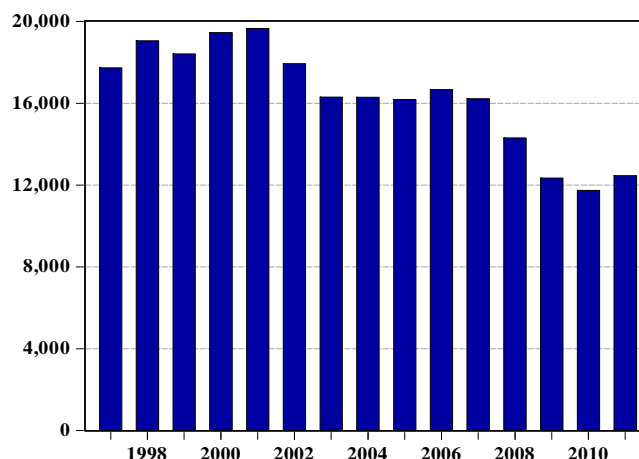
Idaho's growth after the national recession will be bittersweet. While it will be a welcome change from the hardships of 2008 and 2009, it will be a more subtle recovery than had been envisioned just three months ago.

SELECTED IDAHO ECONOMIC INDICATORS

Computer and Electronics: Any hopes for a quick turnaround to the Gem State computer and electronics employment sector's current slump was dashed when Micron Technology announced in early October that it was reducing its global workforce by 15% in response to depressed prices for its products. According to company officials, about 1,500 jobs at the Boise plant will be lost by the beginning of next year as a result of the company shutting down its NAND memory operations. Market conditions which have driven the price of these products below the cost of manufacturing them were given as the reason for shutting down the NAND manufacturing operations. This

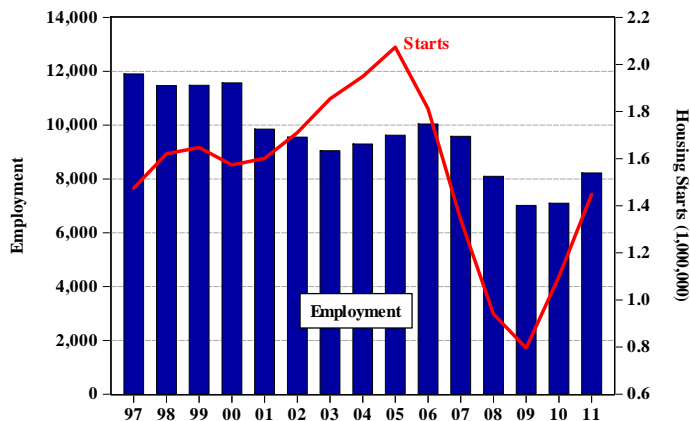
announcement came one week after the company had released its most recent quarterly earnings report that showed the company had a net loss of \$344 million on net sales of \$1.45 billion in the fourth quarter of its fiscal year 2008. The company also reported that it lost \$1.6 billion on sales of \$5.8 billion over the entire fiscal year. This is not the first time depressed prices have forced the company to reduce its payroll. In 2007, the company reduced its Idaho workforce by 1,100. Unfortunately, several factors suggest hurdles remain in this sector's road to recovery. The worldwide imbalance of supply and demand that has depressed prices is not expected to right itself quickly. In addition, this sector will be hamstrung by relatively lackluster U.S. business investment. While the news of Micron Technology's most recent round of layoffs dominate this sector, it should be noted there are a few bright spots. Hoku Scientific, Inc. is building a \$390 million plant to produce polycrystalline silicon in Pocatello. The plant is expected to start shipping product in 2009. Pocatello is also the new home for wind turbine manufacturer Nordic Windpower, Ltd. Unfortunately, these gains will not keep Idaho computer and electronics manufacturing employment from shrinking over most of the forecast horizon. Specifically, this sector's employment is expected to shrink 11.8% this year, fall another 13.8% next year, drop 4.9% the following year, and rise 6.1% in 2011. The net impact of these changes is this sector's employment declines from 16,219 in 2007 to 12,449 jobs in 2012.

Idaho Computer and Electronic Products Employment



Logging and Wood Products: The national housing market collapse has and will continue to reduce demand for lumber and wood products. The weaker demand is evident in several measures. First, U.S. housing starts are expected to drop to levels not seen since right after the end of World War II. Second, wood product production is expected to decline about 12% both this year and next. Third, wholesale wood product prices are projected to drop in 2008 and 2009—continuing the slide which started in 2006. In contrast, they jumped over 10% in 2004 as the housing bubble inflated. One recent closure due to lower prices was the JD Lumber Mill in Priest River which closed in early October. About 200 jobs were lost because of the mill closure. Absent a strong demand counterweight, supply-side factors that have fueled a downward trend in Idaho logging and wood products employment will once again dominate this sector's outlook. There are several facets to the supply issue. One, is the dwindling timber supply from national forest in Idaho. According to U.S. Forest Service estimates, the harvest from national forests fell by 74% from 1996 to 2005. As a result, the national forests' share of Idaho's timber harvest shrank from 23.9% in 1996 to 8.4% in 2005. This decline has resulted in the closure of several

Idaho Wood Product Employment and U.S. Housing Starts

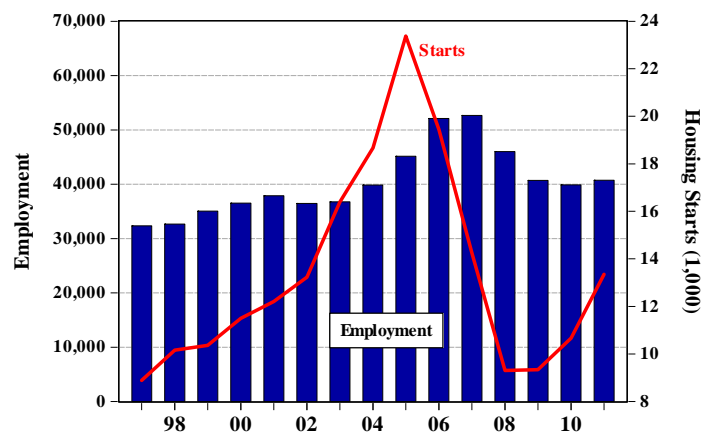


older mills around the state. Idaho is not the only area suffering; the entire inland region has fallen on hard times. The June 2008 edition of *Random Lengths Yardstick* reported there are about half as many mills in the inland region as there were twenty years ago and the inland region's share of North American (U.S. and Canada) production has dwindled from 18% to 8%. Two, despite the industry's downsizing, excess capacity remains a challenge. It is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. Three, the industry has become more efficient in order to remain competitive. However, this gain means

mills need fewer workers. For example, production was virtually the same in 1996 and 2006 even though employment was 16.5% lower in 2006 than it was in 1996. Recently, Three Rivers Timber in Kamiah cut its staff by 35 persons. Despite this job contraction, the mill's output is expected to remain steady at about 80 million to 90 million board feet per year. The next few years will be challenging for the state's logging and wood products manufacturing sector. After declining by 4.6% in 2007, this sector's employment is expected to drop by 15.5% in 2008 and another 13.3% in 2009, resulting in just 7,000 jobs. It is expected to post job gains again in both 2010 and 2011 as the dust from the housing collapse settles. However, at around 8,200 jobs in 2011, it will be well below its peak of 10,000 jobs in 2006.

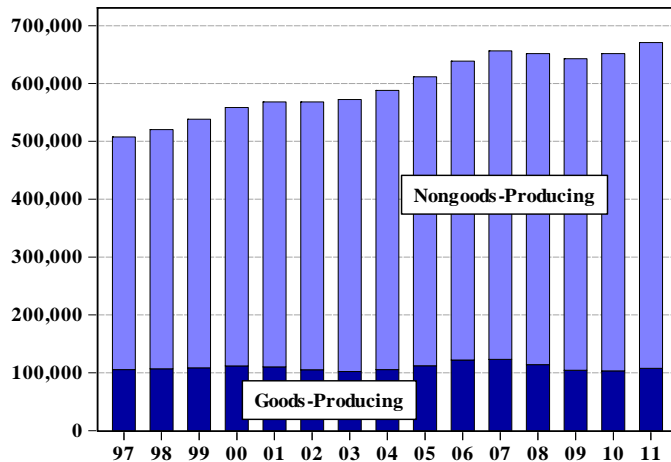
Construction: Recent data show Idaho's housing sector performed below projections earlier this year, leading to lower expectations for both housing starts and construction employment. In July 2008, it was anticipated that housing starts would recover quickly from its dismal showing of less than 9,000 units in the first quarter of 2008. This forecast proved to be too optimistic; second quarter housing starts were essentially flat. Evidence of the housing sector's weakness in the second quarter of this year was also evident in the employment data. Idaho construction employment was about 400 jobs below the previously forecasted amount. The second quarter's disappointing showing requires a recalibration of the housing starts and construction employment forecasts. The biggest changes involve the level of housing activity. In July 2008 it was forecast that Idaho housing starts would bottom out at 10,715 in 2008 then rise to just under 14,300 units in 2011. In the current forecast, housing starts go from a low of 9,305 units this year to 13,349 units in 2011. As in the previous forecast, Idaho construction employment is expected to decline in each year, but the drops will be steeper in the current forecast. Specifically, it is forecast to drop an average of 6.2% per year to 40,743 jobs in 2011. In contrast, construction employment in the

Idaho Construction Employment and Housing Starts



July forecast dropped an average of 4.9%. As a result, this sector's employment is about 2,300 lower in 2011 in the current forecast versus the previous one. It is nearly impossible to overstate how much these jobs will be missed. The construction sector has been one of the state's most reliable employment engines during Idaho's record economic expansion. Remarkably, Idaho construction employment has increased in 15 of the 16 years since 1991. In the current decade alone, construction employment has risen an average of 5.2% per year. The expected decline in construction employment is one of the reasons overall Idaho nonfarm employment stumbles this year and next and grows marginally in 2010.

Idaho Nonfarm Employment



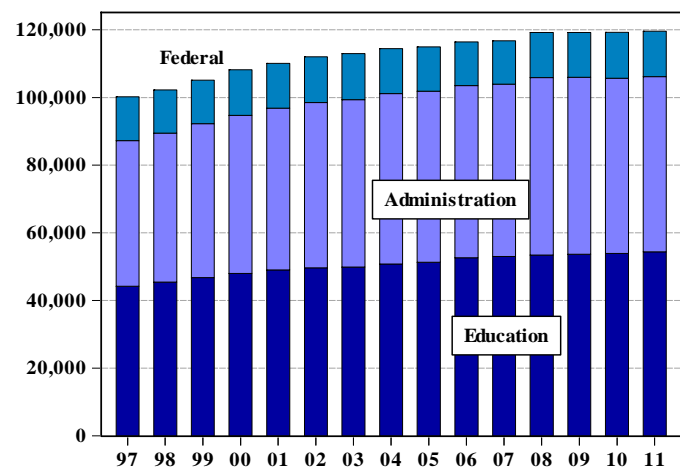
Nongoods-Producing Industries: Idaho's largest private employment sector, nongoods, should be an important counterweight to the anticipated job losses in other sectors of the state's economy. Industries in this sector can be divided into two broad categories: services and trade. The services category had an average of 304,483 jobs in 2007 and there were 111,657 trade jobs. Together they accounted for about 80% of the state's nonfarm jobs. The services category consists of information services; financial activities; transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. Trade is divided into retail and wholesale categories. Services

employment has traditionally been the faster growing of the two categories, advancing an average of 3.7% annually over the last five years versus 2.8% for trade employment. Education and health services is one of the state's most consistent job engines because it is driven more by demographics than economics. This category should add jobs at a 3.3% average annual pace from 2008 to 2011. Professional and business services employment should expand an average of 1.6% per year over the forecast period. Leisure and hospitality services should grow 1.6% annually over the same period. This sector is vulnerable to high energy prices and weak discretionary consumer spending over the next couple of years. Other factors are also shaping this sector's near-term future. This industry suffered a setback when the owners of Tamarack Resort filed for bankruptcy protection earlier this year. The owners owe Credit Suisse \$273 million on a construction loan and \$22 million in unpaid bills to contractors. In addition, Andre Agassi and Steffi Graf dropped their plans for a resort hotel at Tamarack. Financial services employment will feel the pinch of the cooling housing market and tighter credit. DBSI, which specializes in real acquisitions, laid off 70 employees in Idaho. After expanding by an average of around 6.5% in both 2005 and 2006, financial service's payroll growth will average just 0.4% annually over the forecast period. Transportation, warehousing, and utilities sector employment stand to suffer from the fallout of the imploding housing market as well as high fuel prices. About 240 employees at the Alaska Airlines Reservation Center in Boise could lose their jobs as the airline reduces its number of flights by 15%. Information service employment should rise at a 1.7% annual pace. Employment in the other services category increases over the forecast period from 19,463 jobs to 22,304 jobs. Readers are reminded that other services employment sprinted at a nearly 25% pace due to a new employment survey that revealed there were more noncovered jobs in this sector than had been previously reported. This new data creates a series break that results in a one-time boost to the first quarter's growth rate. Total services employment is expected to increase 1.1% in 2008, 0.3% in 2009, 2.5% in 2010, and 4.0% in 2011. Prognostications for one of the weakest holiday shopping seasons in

years have led to fears that Idaho trade employment will repeat last year's disappointing showing. Final and preliminary data show Idaho trade employment shrank through the first three quarters of 2008. These losses were experienced at both the wholesale and retail level. Unfortunately, these fears are well founded, trade employment is expected to shrink both this year and next before rallying in the last two years of the forecast. Specifically, Idaho trade employment is forecast to drop 0.7% in 2008 and 0.2% in 2009, then rise 2.0% in 2010, and 1.7% in 2011.

Government: The outlook for government employment in the state has changed little from the last forecast. After experiencing a mid-decade growth spurt, Idaho state and local government employment growth is expected to slow noticeably over the forecast period. As in the previous forecast, this cooling is primarily due to the anticipated slowing of population growth. Traditionally, Idaho's population growth is driven by net migration. It grows fastest when net migration is strong and slowest when net migration is weak. The Gem State's booming economy in the 1990s was a major magnet drawing newcomers. As a result, the state's population increased nearly 30% from 1990 to 2000, with nearly two-thirds of this growth due to the surge in net immigration. Idaho's population grew slowly during the first years of the new millennium, but it picked up speed and averaged about 2.5% annual growth mid-decade. Idaho's economy is expected to cool noticeably over the next couple of years, and this should take a toll on migration. Specifically, after topping 20,000 new residents per year since 2005, migration is projected to drop below this threshold and remain there for the duration of the forecast. These lower migration levels suggest Idaho's population growth is likely to taper off during most of the next few years. This should ease the growing pains experienced at all levels of Idaho government and reduce the growth rate for government employment. It should be noted, however, that growths will vary by employment class. For example, Idaho state and local education-related employment is forecast to increase about 0.7% per year. Government administration-related payrolls, on the other hand, will advance about 0.4% annually. There are about 13,300 federal government jobs in Idaho. It should remain near this level throughout the forecast period except for 2010 when hiring associated with the U.S. census takes place early in that year.

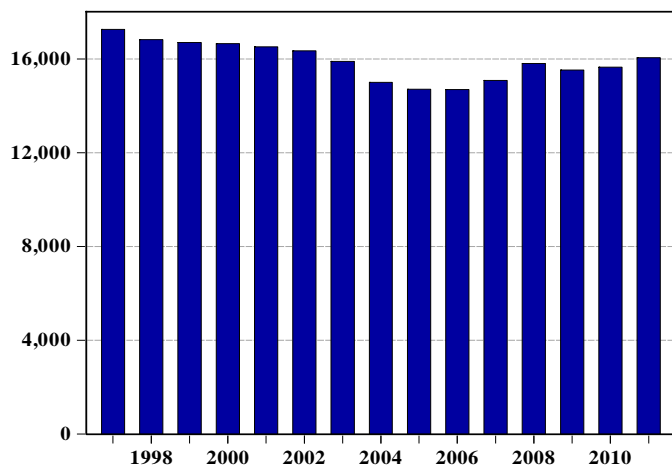
Idaho Government Employment



Mining: Idaho's mining sector employment is expected to begin slipping in 2009 after enjoying six consecutive years of growth. After suffering several years of decline, Idaho mining employment posted a 26-job gain in 2003. The modest increase would be the first in a series that would culminate with employment topping 2,800 jobs in 2008—its highest level in over a decade. This expansion was largely fueled by high metal prices. Kathryn Tacke, the Idaho Department of Labor's Regional Economist for North Idaho reported that at one time the prices of lead and zinc were so high that the Lucky Friday Mine could make a profit on sales of these two byproducts alone. However, the ore also contains silver, which has been selling for prices north of \$17 per ounce recently. These high prices have increased exploration activity in the state. U.S. Silver is exploring the potential of the Calladay project near its Galena Mine, the Dayrock lead-zinc mine, and the Gem State property near the Golconda District. SNS Silver is looking at the possibility of bringing the Crescent Mine near Kellogg back into production. The Crescent, which closed in the 1980s, lies between two of the world's greatest silver producers—the

Sunshine and Bunker Hill mines. It appears there are ample mineral supplies for further expansion. For example, the 65-year old Lucky Friday Mine has more silver in reserve than has been mined over the years and could be expanded for decades. But this sector's short-term fortunes will be driven more by economics than by geology. After exploding 7.0% in 2008, U.S. mining production is forecast to grow by less than 1.0% in each of the remaining years of the forecast. Also, the spot price of silver has fallen to about \$10 per ounce. Thus, it will be difficult for Idaho mining employment to continue expanding. As a result, mining employment is forecast to drop from a peak of 2,842 jobs in 2008 to 2,427 jobs in 2011. Despite this decline, employment will still be higher in 2011 than it was as recently as 2006.

Idaho Food Processing Employment



Food Processing: After experiencing several years of job losses, one of Idaho's cornerstone industries, food processing, is poised to reclaim the crown as the state's largest manufacturing employer. This sector's last employment peak was 17,300 jobs in 1997. Ironically, it was the same year the computer and electronics sector passed it to become Idaho's largest manufacturing employer. After that year, food processing employment shrank for several years as several of this sector's long-time employers began to curtail their local operations. For example, nearly 360 jobs were lost when the J.R. Simplot Company decided to close its Nampa meat packing plant in the fall of 2003 and shuttered its Heyburn potato

processing plant that had run continuously since 1960. More recently, about 400 jobs were lost when the Swift and Company beef processing plant closed. However, the passing of time suggests these painful contractions were not symptoms of this sector's demise, but part of its ongoing evolution. Already, new factories have replaced older ones. For example, the former Swift and Company beef processing plant has been reopened by XL Foods, Inc. Gossner Foods, Inc. opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. Brewster Dairy, Inc. has taken over the former Kraft plant in Rupert. Marathon Cheese is building a \$27-million plant in Mountain Home that will employ 250 workers. The plant's employment could climb to twice that many jobs in five years. Another new plant is High Desert Milk in Burley. When completed, this plant will employ 30 workers to manufacture powdered milk. Idaho Milk Products broke ground on a 180,000-square-foot facility in Jerome. Once operational, the plant will process about 3 million gallons of milk per day into protein powders, lactose permeate, and cream. Sorrento Lactalis is planning to add 40 to 50 manufacturing jobs when it completes its \$50-million whey processing plant. Idaho food processing employment is forecast to increase from 15,093 jobs in 2007 to just over 16,000 jobs in 2011. Along the way, in 2008, it will once again become the state's largest manufacturing employer.

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the July 2008 to the October 2008 *Idaho Economic Forecast*. The July 2008 *Idaho Economic Forecast* is based on Global Insight's July 2008 baseline forecast and the October 2008 *Idaho Economic Forecast* is driven by Global Insight's October 2008 baseline U.S. macroeconomic forecast.

Several key variables show how significantly the outlooks for the national and state economies have changed since the July 2008 *Idaho Economic Forecast* was published. The outlook for the national economy has turned south since the dog days of summer. In July 2008 it was forecast the economy would slip into a relatively mild, two-quarter recession beginning in the last quarter of this year. Specifically, real GDP was expected to retreat 1.7% in the fourth quarter of 2008 and 0.7% in the first quarter of 2009. On an annual basis, real output was forecast to rise 1.6% this year and 0.9% next year. In the current forecast, real GDP begins receding in the third quarter of 2008. Like its predecessor, real GDP's slide ends in the first quarter of next year. Another feature of the current forecast is the recovery from the recession is slower than in the previous forecast. As a result, real GDP averages just 1.8% annual growth over the next four years, which is well below the 2.4% pace of the previous projection. Other indicators also show how the national forecast has been downgraded. For example, nonfarm employment grows slower than in the previous forecast so that by 2011 there are 2.6 million fewer jobs in the current forecast. National nominal personal income is down \$451 billion by 2011 and real personal income is off \$269 billion in the same year. Two other items that are down from the previous forecast are inflation and interest rates.

Likewise, the outlook for Idaho's economy has also been scaled back since July 2008. This change can be seen in both the employment and personal income projections. Idaho nonfarm employment is forecast to increase an average of 0.5% per year to a total of 670,812 jobs in 2011. This is notably slower than the 1.3% average annual pace and 690,885 jobs reported in July 2008. The difference between these two forecasts can be divided between employment sectors, with about 4,700 fewer goods-producing jobs and 15,400 fewer nongoods-producing jobs. Idaho nominal personal income is slightly higher than its July 2008 counterpart in 2008, but this advantage rapidly disappears, so that it is \$1.2 billion lower by 2011. Lower inflation actually lifts real Idaho personal income above its predecessor both this year and next, but eventually lower growth overcomes lower prices and this measure is \$269 million lower in 2011 compared to the July 2008 forecast.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
OCTOBER 2008 AND JULY 2008 FORECASTS**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S. GDP (BILLIONS)										
Current \$	0	0	0	-12	-16	-34	-7	-143	-460	-576
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.1%	-1.0%	-2.9%	-3.5%
2000 Chain-Weighted	0	0	0	-14	-25	-43	-61	-143	-294	-341
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.4%	-0.5%	-1.2%	-2.4%	-2.7%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	498	589	578	291	-199	-1,009	-1,214
% Difference	0.0%	0.0%	0.0%	1.2%	1.3%	1.2%	0.6%	-0.4%	-1.9%	-2.1%
U.S. (Billions)	0	0	0	-31	10	-2	-41	-121	-332	-451
% Difference	0.0%	0.0%	0.0%	-0.3%	0.1%	0.0%	-0.3%	-1.0%	-2.5%	-3.2%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	448	513	469	386	673	-216	-611
% Difference	0.0%	0.0%	0.0%	1.2%	1.3%	1.2%	1.0%	1.7%	-0.5%	-1.4%
U.S. (Billions)	0	0	0	-28	9	-8	3	109	-118	-269
% Difference	0.0%	0.0%	0.0%	-0.3%	0.1%	-0.1%	0.0%	1.1%	-1.1%	-2.5%
TOTAL NONFARM EMPLOYMENT										
Idaho	-1	-1	-3	-7	-5	2	-3,456	-17,059	-20,571	-20,073
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-2.6%	-3.1%	-2.9%
U.S. (Thousands)	0	0	0	0	0	0	-230	-1,560	-2,388	-2,611
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.1%	-1.7%	-1.8%
GOODS PRODUCING SECTOR										
Idaho	-1	-2	-5	-8	-4	6	-814	-5,597	-6,655	-4,676
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-5.1%	-6.1%	-4.2%
U.S. (Thousands)	0	0	0	0	0	0	-10	-448	-680	-689
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.1%	-3.3%	-3.3%
NONGOODS PRODUCING SECTOR										
Idaho	0	1	2	0	0	-4	-2,641	-11,462	-13,916	-15,397
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-2.1%	-2.5%	-2.7%
U.S. (Thousands)	0	0	0	0	0	0	-220	-1,112	-1,708	-1,922
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.0%	-1.4%	-1.6%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.2%	-1.4%	-0.2%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.2%	-1.4%	-0.2%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%	0.0%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.035	0.109	0.151	0.606	0.312	-0.694	-1.062
Personal Cons Deflator	0.000	0.000	0.000	-0.006	0.000	0.068	-0.463	-2.561	-1.751	-0.972
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	-0.020	-0.064	-0.031	-0.005

Forecast Begins the THIRD Quarter of 2008

ALTERNATIVE FORECASTS

Global Insight has assigned a 60% probability of occurrence to its October 2008 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 1.5% in 2008, 0.2% in 2009, 2.4% in 2010, and 3.1% in 2011;
- U.S. nonfarm employment falls 0.1% in 2008, drops another 1.0% in 2009, grows 0.8% in 2010, and 1.7% in 2011;
- the annual U.S. civilian unemployment rate climbs to a peak of 7.4% in 2010 then gradually declines to 6.9% in 2011;
- consumer inflation is 4.3% in 2008, 1.3% in 2009, 2.1% in 2010, and 2.4% in 2011;
- the current account deficit is \$698 billion in 2008, \$536 billion in 2009, \$580 billion in 2010, and \$666 billion in 2011;
- the federal unified budget deficit is \$406 billion in 2008, \$787 billion in 2009, \$592 billion in 2010, and \$504 billion in 2011.

OPTIMISTIC SCENARIO

Global Insight's *Optimistic Scenario* has been assigned a 15% probability of occurrence. In this scenario, the rapid response of the Federal Reserve to the crisis in financial markets, coupled with the U.S. Treasury's rescue plan and help from foreign central banks, help avert a severe U.S. economic downturn. In addition, stronger total factor productivity growth is stronger than in the baseline forecast, which helps rein in inflation despite the stronger expected growth. Credit flows more freely in this scenario, helping housing starts average 967,000 units next year, compared to the 796,000 units projected in the baseline case. Likewise, the outlook for business fixed investment is brighter in the *Optimistic Scenario*. It experiences a modest 2.1% contraction in 2009 followed by a 5.1% expansion in 2010. In comparison, it suffers a deeper 6.1% decline in 2009 and ekes out a mild 1.4% recovery in 2010 in the baseline case. Both foreign economic growth and the dollar are stronger in this scenario. Finally, thanks to stronger demand, energy prices are higher in this scenario than in the baseline. However, they are lower in the long run, reflecting more-optimistic assumptions about supply.

On net, these assumptions paint a much brighter future for the economy. Real GDP ekes out 0.2% growth in the third quarter and a small decline of 0.5% in the fourth quarter of 2008. Growth, albeit sluggish, returns in the first quarter of 2009 before accelerating to near-trend levels during the rest of the year. On an annual basis, real GDP rises 1.1% in 2009 versus 0.2% in the baseline. The unemployment rate peaks at 6.8% at the close of next year, which is lower than the 7.5% peak in the baseline forecast. Nonfarm payroll employment shrinks by 87,300 jobs over the four quarters beginning with this year's third quarter, which is much fewer than the 1.8 million jobs shed during the baseline forecast's seven-quarter employment slide.

Thanks to the stronger national economy, Idaho nonfarm employment declines just 0.7%, which is just half the pace expected in the baseline case. This gives it a head start in the job gains race, helping it to grow to nearly 673,500 jobs by 2011—2,600 more jobs than in the baseline. Interestingly, all of the advantage comes from the nongoods-producing sector that is about 4,000 higher in 2011 than its baseline counterpart. This advantage more than offsets the change in goods-producing employment, which has about 1,400 fewer jobs than in the baseline. The outlook for Idaho nominal personal income improves in each year, and reaches \$56.8 billion in 2011, which is \$0.9 billion more than the baseline's

IDAHO ECONOMIC FORECAST

BASELINE AND ALTERNATIVE FORECASTS

OCTOBER 2008

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
U.S. GDP (BILLIONS)												
Current \$	14,352	14,655	15,240	15,983	14,375	14,905	15,625	16,394	14,324	14,300	14,613	15,293
% Ch	3.9%	2.1%	4.0%	4.9%	4.1%	3.7%	4.8%	4.9%	3.7%	-0.2%	2.2%	4.7%
2000 Chain-Weighted	11,694	11,717	11,997	12,369	11,707	11,839	12,167	12,537	11,669	11,441	11,534	11,833
% Ch	1.5%	0.2%	2.4%	3.1%	1.6%	1.1%	2.8%	3.0%	1.3%	-2.0%	0.8%	2.6%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	49,176	50,677	52,760	55,947	49,191	51,026	53,392	56,769	49,163	50,156	51,484	54,361
% Ch	3.4%	3.1%	4.1%	6.0%	3.5%	3.7%	4.6%	6.3%	3.4%	2.0%	2.6%	5.6%
U.S. (Billions)	12,174	12,503	12,966	13,624	12,184	12,671	13,265	13,938	12,165	12,298	12,485	13,086
% Ch	4.4%	2.7%	3.7%	5.1%	4.5%	4.0%	4.7%	5.1%	4.3%	1.1%	1.5%	4.8%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,304	40,948	41,900	43,532	40,304	41,076	42,111	43,910	40,320	40,818	41,101	42,082
% Ch	-0.2%	1.6%	2.3%	3.9%	-0.2%	1.9%	2.5%	4.3%	-0.2%	1.2%	0.7%	2.4%
U.S. (Billions)	9,978	10,103	10,298	10,601	9,983	10,200	10,462	10,781	9,977	10,009	9,967	10,130
% Ch	0.7%	1.3%	1.9%	2.9%	0.7%	2.2%	2.6%	3.0%	0.7%	0.3%	-0.4%	1.6%
TOTAL NONFARM EMPLOYMENT												
Idaho	651,693	642,807	651,780	670,812	652,117	647,253	656,653	673,462	651,356	637,102	640,868	655,681
% Ch	-0.7%	-1.4%	1.4%	2.9%	-0.6%	-0.7%	1.5%	2.6%	-0.8%	-2.2%	0.6%	2.3%
U.S. (Thousands)	137,496	136,102	137,150	139,455	137,647	137,795	139,469	141,425	137,401	134,478	133,853	135,561
% Ch	-0.1%	-1.0%	0.8%	1.7%	0.0%	0.1%	1.2%	1.4%	-0.2%	-2.1%	-0.5%	1.3%
GOODS-PRODUCING SECTOR												
Idaho	113,851	104,193	103,248	107,480	113,950	105,041	103,701	106,088	113,769	102,566	101,089	104,138
% Ch	-7.7%	-8.5%	-0.9%	4.1%	-7.6%	-7.8%	-1.3%	2.3%	-7.8%	-9.8%	-1.4%	3.0%
U.S. (Thousands)	21,480	20,393	19,947	20,323	21,514	20,710	20,307	20,496	21,449	19,954	18,961	19,194
% Ch	-3.3%	-5.1%	-2.2%	1.9%	-3.2%	-3.7%	-1.9%	0.9%	-3.5%	-7.0%	-5.0%	1.2%
NONGOODS-PRODUCING SECTOR												
Idaho	537,842	538,614	548,532	563,331	538,167	542,212	552,951	567,375	537,588	534,536	539,779	551,543
% Ch	0.9%	0.1%	1.8%	2.7%	1.0%	0.8%	2.0%	2.6%	0.9%	-0.6%	1.0%	2.2%
U.S. (Thousands)	116,017	115,709	117,203	119,133	116,134	117,085	119,162	120,929	115,952	114,523	114,892	116,367
% Ch	0.5%	-0.3%	1.3%	1.6%	0.6%	0.8%	1.8%	1.5%	0.5%	-1.2%	0.3%	1.3%
SELECTED INTEREST RATES												
Federal Funds	2.2%	1.2%	2.9%	4.6%	2.2%	1.5%	2.6%	4.1%	2.2%	0.5%	1.5%	4.9%
Bank Prime	5.2%	4.2%	5.9%	7.6%	5.2%	4.5%	5.6%	7.1%	5.2%	3.5%	4.5%	7.9%
Existing Home Mortgage	6.1%	5.7%	6.5%	7.2%	6.1%	5.8%	6.4%	7.0%	6.2%	5.5%	6.1%	7.6%
INFLATION												
GDP Price Deflator	2.5%	1.9%	1.6%	1.7%	2.5%	2.5%	2.0%	1.8%	2.5%	1.8%	1.4%	2.0%
Personal Cons Deflator	3.7%	1.4%	1.7%	2.1%	3.7%	1.8%	2.1%	2.0%	3.6%	0.8%	1.9%	3.1%
Consumer Price Index	4.3%	1.3%	2.1%	2.4%	4.4%	1.8%	2.4%	2.2%	4.2%	0.3%	2.1%	3.5%

Forecast Begins the **THIRD** Quarter of 2008

\$55.9 billion. Idaho real personal income also outpaces its baseline counterpart to a total of \$43.9 billion in 2011. It is \$43.5 billion in the *Baseline Scenario*.

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* has been assigned a 25% probability of occurrence. This Scenario assumes the financial crisis worsens, sending the economy into a tailspin. Credit markets remain clogged, both domestically and across the world. Without access to credit, domestic spending contracts, and the housing market falls into an even deeper hole. The spread between 30-year fixed mortgage rates and the 10-year Treasury note yield remains wider than normal into 2010. Housing starts slip below one million units in 2008 (921,000) and 2009 (679,000) for the first time since 1945. The median price of existing homes and home sales are much weaker than in the baseline case. This weakness undermines consumer confidence which, along with the drop in household wealth and job market jitters, cause consumers to tighten their purse strings. Companies also retrench and scuttle long-term projects, causing business fixed investment to slide over seven-straight quarters. The economic malaise is not limited to the U.S., however. Foreign economic growth is slower, causing U.S. exports to add only 0.3 and 0.4 percentage point to growth in 2009 and 2010. In the baseline case, it adds 0.7% in 2009 and 0.8% in 2010. One positive aspect of the weaker outlook is inflation is lower than anticipated in the *Baseline Scenario*.

In this scenario, the economy enters a five-quarter recession beginning in the third quarter of 2008. Unlike the previous two recessions, this one exacts a heavy toll. Peak-to-trough, real output declines 2.7%, which is similar to the loss in real GDP during the 1973-75 and 1981-82 recession, which are considered two of the worst post-war contractions. Employment drops for nine straight quarters with a final tally of 4.5 million jobs lost. Over the longer term, GDP growth remains slower than in the baseline, mainly because productivity advances only 1.5% on average over the next ten years, compared to 1.9% in the baseline.

Idaho does not escape the ripple-effect of the national economic slowdown, the impacts of which are most prominent in 2009 and 2010. For example, Idaho nonfarm employment declines 2.2% next year and rises just 0.7% in the following year. In the baseline case employment shrinks 1.4% in 2009 then expands 1.4% in 2010. In the *Pessimistic Scenario*, the hiring pace picks up to 2.4% in 2011, to a total of 655,681 jobs. However, this does not make up for the ground lost in the previous two years, and employment in 2011 is about 15,100 lower in that year compared to the baseline. Idaho personal income also turns in a sub-par performance compared to the baseline. Nominal Idaho personal income growth drops below 3.0% in 2009 and 2010 compared to the baseline's 3.1% and 4.1% respective growth rates. At the end of the forecast period Idaho nominal personal income stands at \$54.4 billion—about \$1.6 billion below its baseline counterpart. As the accompanying table shows, Idaho real personal income is also lower in this scenario.

Oil Prices and Inflation

Michele Cavallo¹

As oil prices have climbed over the last several years, the memory of the 1970s and early 1980s has not been far from the minds of the public or of monetary policymakers. In those earlier episodes, rising oil prices were accompanied by double-digit overall inflation in the U.S. and in several other developed economies. Indeed, central bankers say they are determined not to let this experience recur, emphasizing that they intend to maintain their credibility with the public in securing low inflation and achieving stable and well-anchored inflation expectations. In pursuing these goals, a key measure policymakers often focus on is core inflation; this may seem surprising, since core inflation *excludes* energy prices, among other things. However, one justification for looking at a measure that excludes energy prices is that they are typically quite volatile; for example, after rising steadily and hitting a record of about \$145 per barrel in July, oil prices then fell to under \$100 per barrel in September. Temporary oil price increases do not tend to pass through to the prices of non-energy goods and services when the central bank is credible—that is, when inflation expectations are well-anchored—and, therefore, will not result in persistently higher overall inflation.

This *Economic Letter* examines the impact of rising oil prices on core inflation over the last decade for four economies: the U.S., the euro area, Canada, and the U.K. I find some evidence that rising oil prices have had a positive and significant effect on core inflation in the euro area, but I find no systematic evidence that rising oil prices have had a significant impact on core inflation in the U.S., Canada, or in the U.K.

How do rising oil prices affect the inflation rate?

Rising oil prices tend to affect the overall consumer price index (CPI) directly by raising its energy cost component, which includes the prices of energy-related items, such as household fuels, motor fuels, gas, and electricity. Among these, gasoline and fuel oil are directly derived from crude oil, so their prices follow oil prices very closely. An increase in the price of oil may also affect energy costs through the prices of other items that are close substitutes; for example, households and businesses may switch from oil-related energy items to natural gas, thus leading to an increase in its price. The extent to which rising oil prices translate into higher overall inflation through higher energy costs depends on their persistence. If they continue to rise, they may lead to sustained increases in the overall price level, that is, to an increase in the overall inflation rate.

Rising oil prices tend also to affect the core portion of the CPI indirectly, because energy prices represent a considerable portion of the production cost for many of the items in it, such as transportation services. In addition, if workers have to pay higher energy prices themselves, they may bargain for compensating wage increases, which also increases the production costs of items in the core CPI. The extent to which rising oil prices translate into higher core inflation through higher production costs depends, among other things, on how much they break into the overall inflation expectations of those who set prices and wages. In fact, if rising oil prices lead to higher inflation expectations over the longer term, rising energy and wage costs are more likely to be passed through in terms of rising consumer

¹ This article originally appeared in the Number 2008-31; October 3, 2008 *FRBSF Economic Letter*. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.

prices. In this case, rising oil prices may lead to sustained increases in the core portion of the CPI, that is, to an increase in core inflation.

However, once oil prices stabilize, as they have in recent months, the corresponding inflationary pressures will dissipate. As a result, both overall and core measures of inflation may decline, with the overall inflation rate likely to fall towards the lower rate of core inflation.

Why focus on core inflation?

In their efforts to secure a low and stable inflation environment, and therefore limit the impact of inflationary pressures emanating from rising oil prices, monetary policymakers pay close attention to core inflation for several reasons. One is that the exclusion of the volatile food and energy components makes it a more reliable indicator of the underlying trend in inflation. Fluctuations in the prices of food and energy may reflect exogenous shocks, that is, developments that are not inherent to the dynamics of the economy—for example, a drought may decrease the supply of grains, or a political conflict in an oil-producing country may decrease the supply of energy. Such developments often turn out to be only temporary and, therefore, are not typically reflected in the underlying trend in inflation, which represents the persistent component of inflation. In fact, over extended periods, the quantitative contribution of temporary fluctuations to the persistent component of inflation tends to disappear.

Because core inflation reflects more closely the persistent component of inflation, it also is a reasonably good predictor of future overall inflation. Blinder and Reis (2005) provided formal evidence of this property for the U.S. Specifically, using monthly data from 1987 to 2005, they found that core inflation predicts future overall inflation better than overall inflation itself. This property is particularly important for the management of monetary policy and for the timing of monetary policy actions. Typically, there is a delay between monetary policy actions and their effects on the economy; in addition, these effects normally show a certain degree of persistence. Therefore, when policymakers look at core inflation, they find a reliable and transparent indicator that helps them understand what the path of inflation is likely to be when their actions start taking effect.

The Federal Open Market Committee, which includes both core and overall inflation in its quarterly forecasts, is not the only policymaking body to pay attention to core inflation, even among banks that may use overall inflation as their main measure. For example, the Bank of Canada openly uses core inflation as its operational monetary policy target, even though CPI inflation is its explicit monetary policy target.

A further reason for policymakers to focus on core inflation is that it helps focus the public's attention on this measure as an indicator of what future overall inflation is likely to be. In this sense, those who set prices and wages can find core inflation to be a useful benchmark for their inflation expectations. For policymakers, therefore, focusing on core inflation may help influence long-run inflation expectations.

In light of these considerations, examining the impact of rising oil prices on core inflation helps understand how much, if at all, they have become embodied both in the underlying trend in inflation and in long-run inflation expectations, and, therefore, to what extent that may lead to persistently higher inflation.

Assessing the effects of oil price increases on inflation

One way to examine the impact of rising oil prices on core inflation is to estimate a Phillips curve model. According to this widely used statistical relationship, current inflation depends on lagged inflation, on the lagged unemployment gap, and on a lagged measure of output supply shocks. Lagged

inflation captures the degree of inflation persistence. The unemployment gap, defined as the deviation of the unemployment rate from its baseline value, measures inflationary pressures emanating from the labor market. The measure of output supply shocks captures inflationary pressures emanating from factors, such as oil price increases. Hooker (2002) estimated such a model for the U.S. with core inflation as the dependent variable using data from 1962 to 2000 and found that, while oil price increases had a substantial impact on core inflation until 1981, they had little impact thereafter.

To examine the impact of recent oil price increases on core inflation for the U.S., the euro area, Canada, and the U.K., I use two simple variants of the Phillips curve model specified by Hooker. Core inflation, the dependent variable, is defined as the percent change in core CPI over the past 12 months. Two explanatory variables are lags of core inflation and of the unemployment gap. Because some of these data series for the four economies are available only from the second half of the 1990s, the estimation sample is shorter than Hooker's and covers the period from January 1997 through May 2008. (The documentation for the estimations reported here is available upon request.)

The first variant includes as an explanatory variable lagged local-currency oil-price inflation, which is measured by the change in the local-currency price of West Texas intermediate (WTI) crude oil—this captures inflationary pressures arising from oil price increases. For the U.S, this variable is simply the change in the price of oil, given that the price of oil is denominated in dollars in global oil markets; for the other three economies, it is the difference between changes in the dollar price of oil and in the exchange rate of the local currency relative to the dollar. One implication of this is that exchange rate changes affect inflationary pressures arising from oil price increases. For example, with the euro, the Canadian dollar, and the British pound all appreciating relative to the dollar over much of the last few months, the increases in the corresponding exchange rates have dampened the increases in the local-currency prices of oil originating from the rise in the dollar price of oil. The second variant includes the lag of noncore inflation, which is computed as the difference between changes in overall CPI and core CPI. This variable represents an alternative measure of inflationary pressures emanating from both food and energy prices.

I find that for the U.S., Canada, and the U.K., both local-currency oil-price inflation and noncore inflation have had a small and statistically insignificant effect on core inflation. In contrast, for the euro area, noncore inflation has had a positive and statistically significant effect on core inflation. Specifically, the estimated coefficient relative to the lag of noncore inflation implies that a 10% increase in noncore inflation has led to an increase in core inflation a year later of a little more than 1%.

Why have recent oil price increases, as measured by noncore inflation, had a significant impact on core inflation in the euro area and not in the other three economies? One potential explanation may have to do with the lower degree of competition in European labor and consumer-goods markets. For example, workers' unions represent a larger share of the labor force in the euro area, so they typically command more influence in bargaining wages with employers. As a result, in response to higher energy prices, workers are more likely to obtain larger wage increases, inducing, in turn, higher costs for businesses. As for consumer-goods markets, businesses in the euro area face a lower degree of competition, so they enjoy stronger price-setting power. Therefore, they may have fewer hesitations to pass on increases in production costs to consumer prices, leading to a more significant impact on core inflation.

Conclusions

This *Economic Letter* has examined the impact of oil price increases on core inflation for four economies during recent years. The estimation results lend support to the view that rising oil prices have had some impact on core inflation in the euro area, while having a limited impact on core inflation in the

U.S., Canada, and in the U.K. While these results are not conclusive, they do lend some support to the notion that the strong emphasis that monetary policymakers in these economies have placed on maintaining their inflation-fighting credibility has been working. Specifically, in the face of the recent oil price increases, these results suggest that their efforts have been quite successful in anchoring long-run inflation expectations and securing a low-inflation environment.

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IDAHO ECONOMIC FORECAST

October 2008

FORECAST DETAIL

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Reporting Conventions

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data is provided by Global Insight, as well as the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data is obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

DEMOGRAPHICS

	1994	1995	1996	1997	1998	1999	2000	2001	2002
POPULATION									
Idaho (Thousands)	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1	1,320.7	1,342.0
% Ch	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%	1.8%	1.7%	1.6%
National (Millions)	263.853	266.980	270.115	273.368	276.553	279.731	282.808	285.734	288.560
% Ch	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.0%	1.0%
BIRTHS									
Idaho (Thousands)	17.690	17.915	18.482	18.599	19.188	19.897	20.304	20.684	21.002
% Ch	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%	2.0%	1.9%	1.5%
National (Thousands)	4,010	3,951	3,971	3,964	4,038	4,028	4,070	4,060	4,089
% Ch	-0.7%	-1.5%	0.5%	-0.2%	1.9%	-0.2%	1.0%	-0.2%	0.7%
DEATHS									
Idaho (Thousands)	8.478	8.553	8.679	8.953	9.105	9.488	9.538	9.811	9.935
% Ch	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%	0.5%	2.9%	1.3%
National (Thousands)	2,322	2,349	2,350	2,351	2,406	2,406	2,410	2,474	2,467
% Ch	1.2%	1.2%	0.0%	0.0%	2.3%	0.0%	0.2%	2.7%	-0.3%
NET MIGRATION									
Idaho (Thousands)	27.115	22.652	16.417	15.583	13.836	12.975	12.658	10.645	10.247
HOUSING									
HOUSING STARTS									
Idaho	12,869	9,472	9,283	8,888	10,155	10,363	11,500	12,207	13,230
% Ch	11.0%	-26.4%	-2.0%	-4.3%	14.3%	2.0%	11.0%	6.1%	8.4%
National (Millions)	1.446	1.361	1.469	1.475	1.621	1.647	1.573	1.601	1.710
% Ch	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%	-4.5%	1.8%	6.8%
SINGLE UNITS									
Idaho	9,424	7,296	7,844	7,652	9,040	9,191	10,337	10,378	11,143
% Ch	5.3%	-22.6%	7.5%	-2.4%	18.1%	1.7%	12.5%	0.4%	7.4%
National (Millions)	1.191	1.082	1.154	1.136	1.278	1.306	1.232	1.272	1.363
% Ch	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%	-5.7%	3.2%	7.2%
MULTIPLE UNITS									
Idaho	3,446	2,176	1,440	1,236	1,115	1,172	1,163	1,829	2,087
% Ch	30.1%	-36.9%	-33.8%	-14.2%	-9.8%	5.1%	-0.8%	57.3%	14.1%
National (Millions)	0.255	0.279	0.314	0.338	0.344	0.341	0.341	0.330	0.347
% Ch	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%	0.1%	-3.5%	5.3%
HOUSING STOCK									
Idaho (Thousands)	369.2	378.3	386.8	394.3	402.9	411.9	421.8	432.7	443.6
% Ch	3.3%	2.5%	2.2%	1.9%	2.2%	2.2%	2.4%	2.6%	2.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

DEMOGRAPHICS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
POPULATION									
Idaho (Thousands)	1,365.5	1,391.0	1,428.0	1,465.7	1,501.8	1,532.0	1,552.6	1,578.9	1,611.8
% Ch	1.8%	1.9%	2.7%	2.6%	2.5%	2.0%	1.3%	1.7%	2.1%
National (Millions)	291.301	293.990	296.719	299.566	302.410	305.365	308.356	311.373	314.377
% Ch	0.9%	0.9%	0.9%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%
BIRTHS									
Idaho (Thousands)	21.735	22.526	23.069	24.150	25.289	26.026	26.370	26.950	27.797
% Ch	3.5%	3.6%	2.4%	4.7%	4.7%	2.9%	1.3%	2.2%	3.1%
National (Thousands)	4,119	4,154	4,196	4,236	4,282	4,330	4,379	4,428	4,467
% Ch	0.7%	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	0.9%
DEATHS									
Idaho (Thousands)	10.308	10.020	10.413	10.471	11.053	11.257	11.410	11.595	11.814
% Ch	3.8%	-2.8%	3.9%	0.6%	5.6%	1.9%	1.4%	1.6%	1.9%
National (Thousands)	2,459	2,452	2,448	2,474	2,498	2,525	2,553	2,581	2,606
% Ch	-0.3%	-0.3%	-0.2%	1.1%	0.9%	1.1%	1.1%	1.1%	1.0%
NET MIGRATION									
Idaho (Thousands)	12.077	13.013	24.319	24.094	21.845	15.403	5.624	10.994	16.887
HOUSING									
HOUSING STARTS									
Idaho	16,393	18,668	23,371	19,439	14,254	9,305	9,339	10,667	13,349
% Ch	23.9%	13.9%	25.2%	-16.8%	-26.7%	-34.7%	0.4%	14.2%	25.1%
National (Millions)	1.854	1.950	2.073	1.812	1.341	0.941	0.796	1.099	1.448
% Ch	8.4%	5.2%	6.3%	-12.6%	-26.0%	-29.8%	-15.4%	38.1%	31.7%
SINGLE UNITS									
Idaho	13,863	16,160	20,910	17,435	11,937	8,090	7,557	8,689	10,913
% Ch	24.4%	16.6%	29.4%	-16.6%	-31.5%	-32.2%	-6.6%	15.0%	25.6%
National (Millions)	1.505	1.604	1.719	1.474	1.034	0.644	0.587	0.903	1.203
% Ch	10.4%	6.6%	7.1%	-14.3%	-29.8%	-37.8%	-8.7%	53.8%	33.2%
MULTIPLE UNITS									
Idaho	2,531	2,508	2,461	2,004	2,317	1,215	1,782	1,979	2,436
% Ch	21.3%	-0.9%	-1.9%	-18.6%	15.6%	-47.6%	46.6%	11.0%	23.1%
National (Millions)	0.349	0.345	0.354	0.338	0.307	0.297	0.209	0.196	0.245
% Ch	0.5%	-1.0%	2.6%	-4.5%	-9.4%	-3.1%	-29.7%	-6.0%	24.8%
HOUSING STOCK									
Idaho (Thousands)	457.6	473.8	494.3	514.6	529.1	538.0	545.7	554.2	564.6
% Ch	3.2%	3.5%	4.3%	4.1%	2.8%	1.7%	1.4%	1.6%	1.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

OUTPUT, INCOME, & WAGES

	1994	1995	1996	1997	1998	1999	2000	2001	2002
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	7,072	7,398	7,817	8,304	8,747	9,268	9,817	10,128	10,470
% Ch	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%	5.9%	3.2%	3.4%
2000 Chain-Weighted	7,835	8,032	8,329	8,704	9,067	9,470	9,817	9,891	10,049
% Ch	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%	3.7%	0.8%	1.6%
 PERSONAL INCOME - CURR \$									
Idaho (Millions)	21,422	22,871	24,360	25,367	27,287	29,068	31,290	33,054	33,849
% Ch	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%	7.6%	5.6%	2.4%
Idaho Nonfarm (Millions)	20,685	22,057	23,433	24,611	26,350	28,054	30,448	32,039	32,921
% Ch	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%	8.5%	5.2%	2.8%
National (Billions)	5,843	6,152	6,521	6,915	7,423	7,802	8,430	8,724	8,882
% Ch	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%	8.0%	3.5%	1.8%
 PERSONAL INCOME - 2000 \$									
Idaho (Millions)	23,892	24,973	26,040	26,666	28,429	29,788	31,289	32,376	32,690
% Ch	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%	5.0%	3.5%	1.0%
Idaho Nonfarm (Millions)	23,068	24,085	25,048	25,871	27,452	28,748	30,447	31,382	31,795
% Ch	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%	5.9%	3.1%	1.3%
National (Billions)	6,516	6,718	6,970	7,269	7,734	7,996	8,429	8,545	8,578
% Ch	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%	5.4%	1.4%	0.4%
 PER CAPITA PERS INC - CURR \$									
Idaho	18,708	19,431	20,246	20,649	21,788	22,784	24,084	25,029	25,222
% Ch	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%	5.7%	3.9%	0.8%
National	22,142	23,043	24,139	25,295	26,840	27,891	29,806	30,532	30,780
% Ch	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%	6.9%	2.4%	0.8%
 PER CAPITA PERS INC - 2000 \$									
Idaho	20,866	21,218	21,642	21,707	22,700	23,349	24,084	24,515	24,360
% Ch	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%	3.1%	1.8%	-0.6%
National	24,695	25,163	25,803	26,591	27,964	28,584	29,805	29,906	29,728
% Ch	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%	4.3%	0.3%	-0.6%
 AVERAGE ANNUAL WAGE									
Idaho	22,728	23,594	24,147	24,803	25,822	26,992	28,657	28,736	29,209
% Ch	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%	6.2%	0.3%	1.6%
National	28,279	29,148	30,237	31,582	33,219	34,622	36,641	37,494	38,215
% Ch	1.7%	3.1%	3.7%	4.4%	5.2%	4.2%	5.8%	2.3%	1.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

OUTPUT, INCOME, & WAGES

	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	10,961	11,686	12,422	13,178	13,808	14,352	14,655	15,240	15,983
% Ch	4.7%	6.6%	6.3%	6.1%	4.8%	3.9%	2.1%	4.0%	4.9%
2000 Chain-Weighted	10,301	10,676	10,990	11,295	11,524	11,694	11,717	11,997	12,369
% Ch	2.5%	3.6%	2.9%	2.8%	2.0%	1.5%	0.2%	2.4%	3.1%
 PERSONAL INCOME - CURR \$									
Idaho (Millions)	34,816	38,079	40,853	44,389	47,536	49,176	50,677	52,760	55,947
% Ch	2.9%	9.4%	7.3%	8.7%	7.1%	3.4%	3.1%	4.1%	6.0%
Idaho Nonfarm (Millions)	34,099	37,100	39,993	43,748	46,497	48,279	49,550	51,604	54,751
% Ch	3.6%	8.8%	7.8%	9.4%	6.3%	3.8%	2.6%	4.1%	6.1%
National (Billions)	9,164	9,727	10,270	10,994	11,663	12,174	12,503	12,966	13,624
% Ch	3.2%	6.2%	5.6%	7.1%	6.1%	4.4%	2.7%	3.7%	5.1%
 PERSONAL INCOME - 2000 \$									
Idaho (Millions)	32,970	35,127	36,608	38,705	40,400	40,304	40,948	41,900	43,532
% Ch	0.9%	6.5%	4.2%	5.7%	4.4%	-0.2%	1.6%	2.3%	3.9%
Idaho Nonfarm (Millions)	32,290	34,223	35,838	38,147	39,517	39,570	40,037	40,983	42,601
% Ch	1.6%	6.0%	4.7%	6.4%	3.6%	0.1%	1.2%	2.4%	3.9%
National (Billions)	8,678	8,973	9,203	9,587	9,912	9,978	10,103	10,298	10,601
% Ch	1.2%	3.4%	2.6%	4.2%	3.4%	0.7%	1.3%	1.9%	2.9%
 PER CAPITA PERS INC - CURR \$									
Idaho	25,497	27,373	28,606	30,281	31,651	32,098	32,640	33,414	34,709
% Ch	1.1%	7.4%	4.5%	5.9%	4.5%	1.4%	1.7%	2.4%	3.9%
National	31,457	33,085	34,610	36,698	38,567	39,866	40,546	41,642	43,336
% Ch	2.2%	5.2%	4.6%	6.0%	5.1%	3.4%	1.7%	2.7%	4.1%
 PER CAPITA PERS INC - 2000 \$									
Idaho	24,145	25,252	25,636	26,405	26,901	26,308	26,374	26,537	27,007
% Ch	-0.9%	4.6%	1.5%	3.0%	1.9%	-2.2%	0.3%	0.6%	1.8%
National	29,788	30,522	31,016	32,001	32,778	32,675	32,763	33,072	33,720
% Ch	0.2%	2.5%	1.6%	3.2%	2.4%	-0.3%	0.3%	0.9%	2.0%
 AVERAGE ANNUAL WAGE									
Idaho	29,768	30,963	31,961	33,795	34,696	35,479	36,657	37,796	39,051
% Ch	1.9%	4.0%	3.2%	5.7%	2.7%	2.3%	3.3%	3.1%	3.3%
National	39,330	41,046	42,420	44,287	46,228	47,914	49,491	50,911	52,498
% Ch	2.9%	4.4%	3.3%	4.4%	4.4%	3.6%	3.3%	2.9%	3.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

PERSONAL INCOME--CURRENT \$\$

	1994	1995	1996	1997	1998	1999	2000	2001	2002
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	10,896	11,701	12,284	13,078	13,936	15,024	16,552	16,880	17,256
% Ch	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%	10.2%	2.0%	2.2%
National (Billions)	3,232	3,419	3,620	3,878	4,183	4,466	4,829	4,943	4,981
% Ch	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%	8.1%	2.4%	0.8%
FARM PROPRIETORS INCOME									
Idaho (Millions)	453	515	643	425	607	690	471	646	497
% Ch	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%	-31.8%	37.1%	-23.0%
National (Billions)	34	23	37	34	29	29	23	20	11
% Ch	8.7%	-33.2%	64.5%	-8.3%	-14.1%	-2.6%	-20.7%	-13.1%	-46.3%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	2,312	2,229	2,324	2,313	2,480	2,765	2,883	3,312	3,290
% Ch	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%	4.3%	14.9%	-0.6%
National (Billions)	439	469	506	542	598	650	706	752	758
% Ch	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%	8.6%	6.6%	0.7%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	3,957	4,350	4,718	5,068	5,545	5,546	5,909	6,195	6,051
% Ch	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%	6.5%	4.8%	-2.3%
National (Billions)	1,070	1,139	1,221	1,310	1,421	1,412	1,537	1,547	1,486
% Ch	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%	8.9%	0.7%	-4.0%
OTHER LABOR INCOME									
Idaho (Millions)	2,729	2,846	2,881	2,929	3,063	3,243	3,549	3,647	4,041
% Ch	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%	9.4%	2.8%	10.8%
National (Billions)	493	494	492	498	530	562	610	643	745
% Ch	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%	8.5%	5.4%	15.9%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	2,789	3,023	3,319	3,408	3,557	3,776	4,079	4,568	4,971
% Ch	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%	8.0%	12.0%	8.8%
National (Billions)	827	877	925	951	979	1,022	1,084	1,194	1,286
% Ch	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%	6.1%	10.1%	7.7%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	1,951	2,074	2,134	2,223	2,337	2,480	2,676	2,724	2,802
% Ch	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%	7.9%	1.8%	2.9%
National (Billions)	254	264	275	290	307	323	344	357	365
% Ch	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%	6.2%	3.8%	2.4%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	238	281	326	369	437	504	525	531	544
% Ch	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%	4.1%	1.1%	2.5%

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PERSONAL INCOME--CURRENT \$\$

	2003	2004	2005	2006	2007	2008	2009	2010	2011
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	17,690	18,906	20,315	22,347	23,563	24,007	24,513	25,589	27,162
% Ch	2.5%	6.9%	7.5%	10.0%	5.4%	1.9%	2.1%	4.4%	6.1%
National (Billions)	5,113	5,395	5,672	6,027	6,362	6,588	6,736	6,983	7,322
% Ch	2.6%	5.5%	5.1%	6.3%	5.6%	3.6%	2.2%	3.7%	4.9%
FARM PROPRIETORS INCOME									
Idaho (Millions)	337	573	404	190	559	357	554	589	627
% Ch	-32.2%	69.8%	-29.5%	-53.0%	195.0%	-36.2%	55.4%	6.2%	6.4%
National (Billions)	29	37	34	16	44	34	28	28	26
% Ch	176.4%	27.8%	-8.8%	-52.6%	172.6%	-22.4%	-17.0%	-2.2%	-5.5%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	3,389	3,848	4,087	4,456	4,383	4,375	4,503	4,717	4,939
% Ch	3.0%	13.5%	6.2%	9.0%	-1.6%	-0.2%	2.9%	4.7%	4.7%
National (Billions)	782	874	926	999	1,012	1,041	1,069	1,117	1,167
% Ch	3.2%	11.8%	5.9%	7.9%	1.4%	2.8%	2.7%	4.5%	4.5%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	6,227	7,057	7,691	8,451	9,433	9,980	10,046	10,310	11,072
% Ch	2.9%	13.3%	9.0%	9.9%	11.6%	5.8%	0.7%	2.6%	7.4%
National (Billions)	1,470	1,551	1,638	1,869	2,040	2,135	2,149	2,213	2,365
% Ch	-1.1%	5.5%	5.6%	14.1%	9.2%	4.6%	0.7%	3.0%	6.9%
OTHER LABOR INCOME									
Idaho (Millions)	4,259	4,582	5,031	5,489	5,698	5,804	5,973	6,216	6,511
% Ch	5.4%	7.6%	9.8%	9.1%	3.8%	1.9%	2.9%	4.1%	4.8%
National (Billions)	816	869	926	957	992	1,028	1,074	1,120	1,165
% Ch	9.5%	6.5%	6.6%	3.3%	3.7%	3.7%	4.4%	4.3%	3.9%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	5,254	5,601	6,061	6,546	7,071	7,837	8,310	8,667	9,158
% Ch	5.7%	6.6%	8.2%	8.0%	8.0%	10.8%	6.0%	4.3%	5.7%
National (Billions)	1,351	1,423	1,521	1,603	1,713	1,868	1,978	2,058	2,164
% Ch	5.0%	5.3%	6.9%	5.4%	6.9%	9.0%	5.9%	4.1%	5.1%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	2,909	3,100	3,364	3,757	3,902	3,952	3,984	4,102	4,328
% Ch	3.8%	6.6%	8.5%	11.7%	3.9%	1.3%	0.8%	3.0%	5.5%
National (Billions)	382	408	428	449	465	480	491	508	533
% Ch	4.6%	6.9%	4.8%	4.8%	3.6%	3.3%	2.3%	3.4%	5.0%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	570	614	630	669	732	768	761	775	806
% Ch	4.9%	7.7%	2.6%	6.1%	9.4%	4.9%	-0.9%	1.8%	4.0%

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EMPLOYMENT

	1994	1995	1996	1997	1998	1999	2000	2001	2002
TOTAL NONFARM EMPLOYMENT									
Idaho	460,209	477,044	490,901	507,424	520,479	538,102	558,583	568,035	568,047
% Ch	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%	3.8%	1.7%	0.0%
National (Thousands)	114,282	117,307	119,698	122,767	125,923	128,992	131,794	131,830	130,340
% Ch	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%	2.2%	0.0%	-1.1%
GOODS PRODUCING SECTOR									
Idaho	97,411	98,310	102,402	105,506	106,975	108,723	111,884	110,226	105,030
% Ch	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%	2.9%	-1.5%	-4.7%
National (Thousands)	22,777	23,161	23,412	23,884	24,352	24,466	24,652	23,873	22,555
% Ch	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%	0.8%	-3.2%	-5.5%
MANUFACTURING									
Idaho	65,718	65,639	68,313	70,186	71,529	71,213	73,032	70,393	66,805
% Ch	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%	2.6%	-3.6%	-5.1%
National (Thousands)	17,106	17,326	17,317	17,500	17,640	17,403	17,344	16,514	15,327
% Ch	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%	-0.3%	-4.8%	-7.2%
DURABLE MANUFACTURING									
Idaho	37,821	39,957	42,448	44,216	45,892	45,698	47,407	45,099	42,320
% Ch	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%	3.7%	-4.9%	-6.2%
National (Thousands)	10,215	10,457	10,566	10,786	10,991	10,913	10,957	10,409	9,554
% Ch	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%	0.4%	-5.0%	-8.2%
LOGGING & WOOD PRODUCTS									
Idaho	11,774	11,865	12,024	11,898	11,464	11,480	11,567	9,849	9,553
% Ch	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.1%	0.8%	-14.9%	-3.0%
National (Thousands)	643	656	663	677	689	701	692	647	625
% Ch	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%	-1.3%	-6.5%	-3.3%
METAL FABRICATION									
Idaho	2,958	3,410	3,582	3,793	3,826	3,942	4,030	3,876	3,636
% Ch	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%	2.2%	-3.8%	-6.2%
National (Thousands)	1,566	1,624	1,648	1,696	1,739	1,728	1,753	1,677	1,549
% Ch	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%	1.4%	-4.4%	-7.6%
MACHINERY									
Idaho	2,901	3,078	3,189	3,065	3,178	3,039	3,305	3,056	2,832
% Ch	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%	8.7%	-7.5%	-7.3%
National (Thousands)	1,381	1,442	1,469	1,496	1,515	1,468	1,457	1,370	1,232
% Ch	3.8%	4.4%	1.8%	1.9%	1.2%	-3.0%	-0.8%	-5.9%	-10.1%
COMPUTER & ELECTRONICS									
Idaho	13,646	14,324	16,280	17,727	19,055	18,406	19,455	19,656	17,933
% Ch	3.6%	5.0%	13.7%	8.9%	7.5%	-3.4%	5.7%	1.0%	-8.8%
National (Thousands)	1,651	1,689	1,747	1,803	1,831	1,781	1,820	1,749	1,507
% Ch	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%	2.2%	-3.9%	-13.8%
OTHER DURABLES									
Idaho	6,542	7,280	7,373	7,732	8,370	8,831	9,050	8,663	8,366
% Ch	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%	2.5%	-4.3%	-3.4%
National (Thousands)	4,974	5,046	5,040	5,114	5,217	5,234	5,235	4,966	4,641
% Ch	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%	0.0%	-5.1%	-6.5%

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EMPLOYMENT

	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONFARM EMPLOYMENT									
Idaho	572,552	588,072	611,728	638,915	656,300	651,693	642,807	651,780	670,812
% Ch	0.8%	2.7%	4.0%	4.4%	2.7%	-0.7%	-1.4%	1.4%	2.9%
National (Thousands)	129,996	131,419	133,695	136,092	137,618	137,496	136,102	137,150	139,455
% Ch	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.1%	-1.0%	0.8%	1.7%
GOODS PRODUCING SECTOR									
Idaho	102,386	105,456	112,351	122,315	123,372	113,851	104,193	103,248	107,480
% Ch	-2.5%	3.0%	6.5%	8.9%	0.9%	-7.7%	-8.5%	-0.9%	4.1%
National (Thousands)	21,816	21,878	22,187	22,534	22,221	21,479	20,393	19,947	20,323
% Ch	-3.3%	0.3%	1.4%	1.6%	-1.4%	-3.3%	-5.1%	-2.2%	1.9%
MANUFACTURING									
Idaho	63,862	63,681	65,042	67,849	68,064	65,027	60,892	60,897	64,311
% Ch	-4.4%	-0.3%	2.1%	4.3%	0.3%	-4.5%	-6.4%	0.0%	5.6%
National (Thousands)	14,578	14,383	14,292	14,222	13,943	13,556	12,899	12,580	12,836
% Ch	-4.9%	-1.3%	-0.6%	-0.5%	-2.0%	-2.8%	-4.8%	-2.5%	2.0%
DURABLE MANUFACTURING									
Idaho	39,950	40,549	42,112	44,612	44,201	40,398	36,840	36,727	39,665
% Ch	-5.6%	1.5%	3.9%	5.9%	-0.9%	-8.6%	-8.8%	-0.3%	8.0%
National (Thousands)	9,033	8,993	9,021	9,048	8,876	8,603	8,133	7,904	8,160
% Ch	-5.5%	-0.4%	0.3%	0.3%	-1.9%	-3.1%	-5.5%	-2.8%	3.2%
LOGGING & WOOD PRODUCTS									
Idaho	9,047	9,295	9,619	10,036	9,579	8,091	7,015	7,096	8,220
% Ch	-5.3%	2.7%	3.5%	4.3%	-4.6%	-15.5%	-13.3%	1.2%	15.8%
National (Thousands)	607	617	624	623	581	537	481	473	522
% Ch	-3.0%	1.7%	1.2%	-0.2%	-6.9%	-7.5%	-10.4%	-1.7%	10.4%
METAL FABRICATION									
Idaho	3,537	3,636	3,906	4,377	4,659	4,687	4,426	4,496	4,729
% Ch	-2.7%	2.8%	7.4%	12.1%	6.4%	0.6%	-5.6%	1.6%	5.2%
National (Thousands)	1,479	1,497	1,522	1,553	1,563	1,538	1,458	1,359	1,365
% Ch	-4.5%	1.2%	1.7%	2.1%	0.6%	-1.6%	-5.2%	-6.8%	0.5%
MACHINERY									
Idaho	2,633	2,570	2,606	2,865	2,993	3,139	2,960	2,925	2,976
% Ch	-7.0%	-2.4%	1.4%	9.9%	4.5%	4.9%	-5.7%	-1.2%	1.7%
National (Thousands)	1,152	1,145	1,165	1,183	1,188	1,191	1,162	1,127	1,138
% Ch	-6.5%	-0.6%	1.7%	1.6%	0.4%	0.3%	-2.5%	-3.0%	1.0%
COMPUTER & ELECTRONICS									
Idaho	16,298	16,287	16,184	16,668	16,219	14,306	12,338	11,731	12,449
% Ch	-9.1%	-0.1%	-0.6%	3.0%	-2.7%	-11.8%	-13.8%	-4.9%	6.1%
National (Thousands)	1,355	1,323	1,316	1,308	1,272	1,250	1,200	1,210	1,273
% Ch	-10.1%	-2.4%	-0.5%	-0.6%	-2.7%	-1.7%	-4.1%	0.9%	5.2%
OTHER DURABLES									
Idaho	8,435	8,761	9,796	10,667	10,751	10,176	10,101	10,480	11,290
% Ch	0.8%	3.9%	11.8%	8.9%	0.8%	-5.4%	-0.7%	3.7%	7.7%
National (Thousands)	4,440	4,411	4,393	4,380	4,272	4,086	3,833	3,735	3,862
% Ch	-4.3%	-0.7%	-0.4%	-0.3%	-2.5%	-4.4%	-6.2%	-2.6%	3.4%

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EMPLOYMENT

MANUFACTURING (continued)	1994	1995	1996	1997	1998	1999	2000	2001	2002
NONDURABLE MANUFACTURING									
Idaho	27,897	25,682	25,866	25,970	25,636	25,515	25,625	25,294	24,484
% Ch	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%	0.4%	-1.3%	-3.2%
National (Thousands)	6,891	6,869	6,751	6,714	6,649	6,491	6,387	6,105	5,773
% Ch	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%	-1.6%	-4.4%	-5.4%
FOOD PROCESSING									
Idaho	17,369	16,827	17,119	17,263	16,830	16,705	16,661	16,521	16,355
% Ch	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%	-0.3%	-0.8%	-1.0%
National (Thousands)	1,540	1,561	1,562	1,557	1,555	1,550	1,553	1,550	1,525
% Ch	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%	0.2%	-0.2%	-1.6%
PRINTING									
Idaho	2,241	2,308	2,365	2,326	2,307	2,234	2,339	2,225	2,033
% Ch	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%	4.7%	-4.9%	-8.6%
National (Thousands)	802	817	816	821	828	814	807	769	707
% Ch	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%	-0.9%	-4.7%	-8.1%
CHEMICALS									
Idaho	4,099	2,354	2,330	2,273	2,361	2,314	2,336	2,324	1,925
% Ch	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%	1.0%	-0.5%	-17.1%
National (Thousands)	1,005	988	985	987	993	983	980	959	927
% Ch	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%	-0.2%	-2.2%	-3.3%
OTHER NONDURABLES									
Idaho	4,187	4,193	4,051	4,108	4,138	4,262	4,290	4,224	4,172
% Ch	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%	0.7%	-1.5%	-1.2%
National (Thousands)	3,544	3,504	3,388	3,348	3,273	3,143	3,046	2,827	2,614
% Ch	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%	-3.1%	-7.2%	-7.5%
MINING									
Idaho	2,367	2,683	2,977	2,997	2,817	2,485	2,347	1,973	1,759
% Ch	9.4%	13.3%	11.0%	0.7%	-6.0%	-11.8%	-5.5%	-15.9%	-10.9%
National (Thousands)	576	558	556	571	565	518	520	532	512
% Ch	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%	0.5%	2.4%	-3.8%
CONSTRUCTION									
Idaho	29,326	29,988	31,112	32,324	32,629	35,025	36,505	37,860	36,467
% Ch	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%	4.2%	3.7%	-3.7%
National (Thousands)	5,094	5,276	5,538	5,813	6,147	6,545	6,788	6,827	6,715
% Ch	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%	3.7%	0.6%	-1.6%
NONGOODS PRODUCING									
Idaho	362,798	378,735	388,499	401,918	413,504	429,379	446,699	457,809	463,016
% Ch	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%	4.0%	2.5%	1.1%
National (Thousands)	91,505	94,146	96,286	98,883	101,571	104,526	107,141	107,957	107,786
% Ch	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%	2.5%	0.8%	-0.2%
SERVICES									
Idaho	185,542	196,052	202,106	210,034	217,465	227,558	238,282	249,579	253,633
% Ch	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%	4.7%	4.7%	1.6%
National (Thousands)	53,498	55,383	57,094	59,170	61,256	63,350	65,139	65,824	65,596
% Ch	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%	2.8%	1.1%	-0.3%
INFORMATION									
Idaho	7,413	7,602	7,699	7,587	8,376	9,274	9,859	9,596	9,156
% Ch	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%	6.3%	-2.7%	-4.6%
National (Thousands)	2,739	2,843	2,940	3,084	3,219	3,418	3,630	3,629	3,394
% Ch	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%	6.2%	0.0%	-6.5%
FINANCIAL ACTIVITIES									
Idaho	24,520	25,492	26,833	26,835	24,256	25,306	25,161	25,013	25,824
% Ch	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%	-0.6%	-0.6%	3.2%
National (Thousands)	6,866	6,828	6,969	7,178	7,462	7,646	7,688	7,809	7,848
% Ch	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%	0.5%	1.6%	0.5%

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EMPLOYMENT

MANUFACTURING (continued)	2003	2004	2005	2006	2007	2008	2009	2010	2011
NONDURABLE MANUFACTURING									
Idaho	23,913	23,132	22,930	23,237	23,864	24,629	24,052	24,170	24,646
% Ch	-2.3%	-3.3%	-0.9%	1.3%	2.7%	3.2%	-2.3%	0.5%	2.0%
National (Thousands)	5,545	5,390	5,271	5,174	5,067	4,953	4,767	4,676	4,676
% Ch	-3.9%	-2.8%	-2.2%	-1.8%	-2.1%	-2.2%	-3.8%	-1.9%	0.0%
FOOD PROCESSING									
Idaho	15,901	15,000	14,715	14,699	15,093	15,814	15,529	15,651	16,055
% Ch	-2.8%	-5.7%	-1.9%	-0.1%	2.7%	4.8%	-1.8%	0.8%	2.6%
National (Thousands)	1,517	1,494	1,478	1,479	1,481	1,474	1,465	1,472	1,496
% Ch	-0.5%	-1.5%	-1.1%	0.1%	0.1%	-0.4%	-0.6%	0.5%	1.6%
PRINTING									
Idaho	2,030	1,921	1,900	1,908	1,892	1,804	1,732	1,697	1,667
% Ch	-0.1%	-5.3%	-1.1%	0.4%	-0.8%	-4.7%	-4.0%	-2.0%	-1.8%
National (Thousands)	680	662	646	635	624	603	568	548	541
% Ch	-3.8%	-2.6%	-2.4%	-1.8%	-1.6%	-3.4%	-5.9%	-3.5%	-1.3%
CHEMICALS									
Idaho	1,831	1,878	1,938	2,117	2,266	2,376	2,287	2,259	2,251
% Ch	-4.9%	2.6%	3.2%	9.2%	7.1%	4.8%	-3.7%	-1.3%	-0.3%
National (Thousands)	906	887	872	866	863	856	831	812	813
% Ch	-2.3%	-2.1%	-1.7%	-0.7%	-0.4%	-0.7%	-2.9%	-2.3%	0.0%
OTHER NONDURABLES									
Idaho	4,151	4,333	4,378	4,513	4,612	4,634	4,504	4,564	4,672
% Ch	-0.5%	4.4%	1.0%	3.1%	2.2%	0.5%	-2.8%	1.3%	2.4%
National (Thousands)	2,442	2,347	2,275	2,195	2,099	2,019	1,902	1,844	1,827
% Ch	-6.6%	-3.9%	-3.1%	-3.5%	-4.3%	-3.8%	-5.8%	-3.1%	-0.9%
MINING									
Idaho	1,785	1,932	2,161	2,374	2,668	2,842	2,605	2,472	2,427
% Ch	1.5%	8.2%	11.8%	9.9%	12.4%	6.5%	-8.3%	-5.1%	-1.8%
National (Thousands)	503	523	562	620	662	712	732	711	703
% Ch	-1.9%	4.0%	7.5%	10.3%	6.8%	7.6%	2.8%	-2.9%	-1.0%
CONSTRUCTION									
Idaho	36,739	39,843	45,149	52,092	52,640	45,982	40,696	39,879	40,743
% Ch	0.7%	8.4%	13.3%	15.4%	1.1%	-12.6%	-11.5%	-2.0%	2.2%
National (Thousands)	6,736	6,973	7,333	7,693	7,616	7,212	6,762	6,656	6,783
% Ch	0.3%	3.5%	5.2%	4.9%	-1.0%	-5.3%	-6.2%	-1.6%	1.9%
NONGOODS PRODUCING									
Idaho	470,165	482,616	499,377	516,600	532,927	537,842	538,614	548,532	563,331
% Ch	1.5%	2.6%	3.5%	3.4%	3.2%	0.9%	0.1%	1.8%	2.7%
National (Thousands)	108,180	109,540	111,508	113,558	115,397	116,016	115,709	117,203	119,133
% Ch	0.4%	1.3%	1.8%	1.8%	1.6%	0.5%	-0.3%	1.3%	1.6%
SERVICES									
Idaho	260,023	269,022	280,753	292,732	304,483	307,740	308,793	316,434	328,971
% Ch	2.5%	3.5%	4.4%	4.3%	4.0%	1.1%	0.3%	2.5%	4.0%
National (Thousands)	66,074	67,199	68,658	70,327	71,682	72,234	72,239	73,504	75,357
% Ch	0.7%	1.7%	2.2%	2.4%	1.9%	0.8%	0.0%	1.8%	2.5%
INFORMATION									
Idaho	9,181	9,934	11,071	10,589	10,909	11,268	11,143	11,379	11,658
% Ch	0.3%	8.2%	11.4%	-4.3%	3.0%	3.3%	-1.1%	2.1%	2.5%
National (Thousands)	3,189	3,117	3,061	3,037	3,029	2,989	2,890	2,840	2,869
% Ch	-6.1%	-2.3%	-1.8%	-0.8%	-0.3%	-1.3%	-3.3%	-1.7%	1.0%
FINANCIAL ACTIVITIES									
Idaho	26,945	27,938	29,655	31,746	32,531	31,973	31,835	32,343	33,057
% Ch	4.3%	3.7%	6.1%	7.1%	2.5%	-1.7%	-0.4%	1.6%	2.2%
National (Thousands)	7,976	8,030	8,153	8,329	8,310	8,202	8,149	8,231	8,426
% Ch	1.6%	0.7%	1.5%	2.2%	-0.2%	-1.3%	-0.6%	1.0%	2.4%

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SERVICES (Continued)									
	1994	1995	1996	1997	1998	1999	2000	2001	2002
TRANS., WAREHOUSING, UTILITIES									
Idaho	15,465	16,508	17,329	17,624	18,159	19,004	19,409	19,157	18,676
% Ch	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%	2.1%	-1.3%	-2.5%
National (Thousands)	4,390	4,505	4,576	4,647	4,781	4,906	5,013	4,973	4,820
% Ch	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%	2.2%	-0.8%	-3.1%
PROFESSIONAL & BUSINESS									
Idaho	39,173	42,480	42,934	47,295	50,766	54,793	60,626	67,655	69,018
% Ch	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%	10.6%	11.6%	2.0%
National (Thousands)	12,171	12,847	13,461	14,333	15,142	15,955	16,672	16,480	15,975
% Ch	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%	4.5%	-1.1%	-3.1%
EDUCATION & HEALTH									
Idaho	39,048	41,491	44,361	46,347	49,248	50,575	53,018	56,956	59,810
% Ch	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%	4.8%	7.4%	5.0%
National (Thousands)	12,806	13,288	13,683	14,088	14,445	14,795	15,109	15,643	16,201
% Ch	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%	2.1%	3.5%	3.6%
LEISURE & HOSPITALITY									
Idaho	44,568	46,651	47,558	48,840	50,426	51,461	52,566	53,058	53,281
% Ch	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%	2.1%	0.9%	0.4%
National (Thousands)	10,098	10,499	10,774	11,016	11,232	11,544	11,860	12,032	11,986
% Ch	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%	2.7%	1.5%	-0.4%
OTHER SERVICES									
Idaho	15,356	15,829	15,393	15,506	16,235	17,144	17,643	18,143	17,867
% Ch	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%	2.9%	2.8%	-1.5%
National (Thousands)	4,429	4,572	4,691	4,825	4,976	5,087	5,168	5,258	5,372
% Ch	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%	1.6%	1.7%	2.2%
TRADE									
Idaho	83,336	86,215	89,134	91,683	93,773	96,725	100,170	98,088	97,344
% Ch	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%	3.6%	-2.1%	-0.8%
National (Thousands)	18,733	19,328	19,663	20,053	20,405	20,863	21,212	21,013	20,680
% Ch	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%	1.7%	-0.9%	-1.6%
RETAIL TRADE									
Idaho	61,034	63,162	65,408	67,175	69,160	71,419	74,457	72,623	72,398
% Ch	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%	4.3%	-2.5%	-0.3%
National (Thousands)	13,486	13,895	14,141	14,390	14,610	14,971	15,279	15,240	15,027
% Ch	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%	2.1%	-0.3%	-1.4%
WHOLESALE TRADE									
Idaho	22,303	23,053	23,726	24,508	24,612	25,306	25,713	25,466	24,947
% Ch	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%	1.6%	-1.0%	-2.0%
National (Thousands)	5,247	5,433	5,523	5,663	5,795	5,893	5,933	5,773	5,653
% Ch	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%	0.7%	-2.7%	-2.1%
STATE & LOCAL GOVERNMENT									
Idaho	80,426	83,354	84,359	87,297	89,467	92,262	94,745	96,862	98,488
% Ch	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%	2.7%	2.2%	1.7%
National (Thousands)	15,674	15,931	16,258	16,488	16,653	16,854	17,139	17,542	17,925
% Ch	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%	2.4%	2.2%
EDUCATION									
Idaho	40,542	42,571	42,572	44,219	45,412	46,749	47,989	49,023	49,655
% Ch	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%	2.7%	2.2%	1.3%
NONEDUCATION									
Idaho	39,884	40,783	41,787	43,079	44,055	45,513	46,756	47,839	48,833
% Ch	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%	2.7%	2.3%	2.1%
FEDERAL GOVERNMENT									
Idaho	13,493	13,113	12,899	12,904	12,800	12,834	13,502	13,280	13,552
% Ch	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%	5.2%	-1.6%	2.0%
National (Thousands)	3,016	2,947	2,876	2,806	2,771	2,770	2,865	2,763	2,766
% Ch	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%	3.4%	-3.6%	0.1%

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EMPLOYMENT

SERVICES (Continued)	2003	2004	2005	2006	2007	2008	2009	2010	2011
TRANS., WAREHOUSING, UTILITIES									
Idaho	18,764	18,946	19,295	20,243	21,034	20,902	20,377	20,803	21,558
% Ch	0.5%	1.0%	1.8%	4.9%	3.9%	-0.6%	-2.5%	2.1%	3.6%
National (Thousands)	4,761	4,811	4,916	5,019	5,090	5,071	4,957	5,049	5,227
% Ch	-1.2%	1.1%	2.2%	2.1%	1.4%	-0.4%	-2.2%	1.9%	3.5%
PROFESSIONAL & BUSINESS									
Idaho	70,006	73,144	76,911	81,364	83,213	81,394	81,434	84,129	88,713
% Ch	1.4%	4.5%	5.1%	5.8%	2.3%	-2.2%	0.0%	3.3%	5.4%
National (Thousands)	15,985	16,387	16,949	17,572	17,966	17,911	17,551	18,158	19,182
% Ch	0.1%	2.5%	3.4%	3.7%	2.2%	-0.3%	-2.0%	3.5%	5.6%
EDUCATION & HEALTH									
Idaho	62,552	65,217	67,988	70,107	74,055	77,832	79,265	81,167	84,372
% Ch	4.6%	4.3%	4.2%	3.1%	5.6%	5.1%	1.8%	2.4%	3.9%
National (Thousands)	16,588	16,951	17,372	17,825	18,327	18,886	19,478	19,965	20,304
% Ch	2.4%	2.2%	2.5%	2.6%	2.8%	3.1%	3.1%	2.5%	1.7%
LEISURE & HOSPITALITY									
Idaho	54,406	55,571	57,357	59,667	63,278	63,671	63,850	65,140	67,309
% Ch	2.1%	2.1%	3.2%	4.0%	6.1%	0.6%	0.3%	2.0%	3.3%
National (Thousands)	12,175	12,494	12,813	13,107	13,470	13,651	13,623	13,636	13,792
% Ch	1.6%	2.6%	2.6%	2.3%	2.8%	1.3%	-0.2%	0.1%	1.2%
OTHER SERVICES									
Idaho	18,168	18,271	18,477	19,016	19,463	20,700	20,889	21,473	22,304
% Ch	1.7%	0.6%	1.1%	2.9%	2.4%	6.4%	0.9%	2.8%	3.9%
National (Thousands)	5,401	5,409	5,395	5,438	5,491	5,525	5,589	5,625	5,557
% Ch	0.5%	0.2%	-0.3%	0.8%	1.0%	0.6%	1.2%	0.6%	-1.2%
TRADE									
Idaho	97,122	99,135	103,682	107,472	111,657	110,871	110,609	112,815	114,778
% Ch	-0.2%	2.1%	4.6%	3.7%	3.9%	-0.7%	-0.2%	2.0%	1.7%
National (Thousands)	20,526	20,721	21,044	21,259	21,515	21,318	21,016	21,328	21,392
% Ch	-0.7%	1.0%	1.6%	1.0%	1.2%	-0.9%	-1.4%	1.5%	0.3%
RETAIL TRADE									
Idaho	72,625	73,727	76,803	80,516	83,554	82,967	82,677	84,521	86,179
% Ch	0.3%	1.5%	4.2%	4.8%	3.8%	-0.7%	-0.4%	2.2%	2.0%
National (Thousands)	14,918	15,059	15,281	15,356	15,487	15,298	15,182	15,446	15,382
% Ch	-0.7%	0.9%	1.5%	0.5%	0.9%	-1.2%	-0.8%	1.7%	-0.4%
WHOLESALE TRADE									
Idaho	24,497	25,408	26,879	26,956	28,103	27,904	27,932	28,294	28,599
% Ch	-1.8%	3.7%	5.8%	0.3%	4.3%	-0.7%	0.1%	1.3%	1.1%
National (Thousands)	5,608	5,662	5,762	5,904	6,028	6,020	5,834	5,882	6,010
% Ch	-0.8%	1.0%	1.8%	2.5%	2.1%	-0.1%	-3.1%	0.8%	2.2%
STATE & LOCAL GOVERNMENT									
Idaho	99,397	101,146	101,863	103,522	103,972	105,919	105,947	105,725	106,145
% Ch	0.9%	1.8%	0.7%	1.6%	0.4%	1.9%	0.0%	-0.2%	0.4%
National (Thousands)	18,820	18,889	19,074	19,239	19,474	19,724	19,697	19,566	19,641
% Ch	0.4%	0.4%	1.0%	0.9%	1.2%	1.3%	-0.1%	-0.7%	0.4%
EDUCATION									
Idaho	49,907	50,810	51,297	52,640	53,011	53,455	53,650	53,900	54,418
% Ch	0.5%	1.8%	1.0%	2.6%	0.7%	0.8%	0.4%	0.5%	1.0%
NONEDUCATION									
Idaho	49,490	50,336	50,566	50,882	50,961	52,464	52,297	51,824	51,727
% Ch	1.3%	1.7%	0.5%	0.6%	0.2%	2.9%	-0.3%	-0.9%	-0.2%
FEDERAL GOVERNMENT									
Idaho	13,624	13,313	13,080	12,874	12,815	13,311	13,265	13,557	13,437
% Ch	0.5%	-2.3%	-1.8%	-1.6%	-0.5%	3.9%	-0.3%	2.2%	-0.9%
National (Thousands)	2,760	2,731	2,732	2,732	2,727	2,740	2,757	2,806	2,743
% Ch	-0.2%	-1.1%	0.0%	0.0%	-0.2%	0.5%	0.6%	1.8%	-2.3%

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**IDAHO ECONOMIC FORECAST
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MISCELLANEOUS

	1994	1995	1996	1997	1998	1999	2000	2001	2002
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	90.265	92.115	93.859	95.415	96.475	97.868	100.000	102.402	104.193
% Ch	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%	2.2%	2.4%	1.7%
Consumption Expenditures	89.654	91.577	93.547	95.124	95.978	97.575	100.000	102.094	103.542
% Ch	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%	2.5%	2.1%	1.4%
Durable Goods	109.978	110.672	109.507	107.068	104.152	101.626	100.000	98.114	95.766
% Ch	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%	-1.6%	-1.9%	-2.4%
Nondurable Goods	89.605	90.629	92.567	93.835	93.821	96.173	100.000	101.531	102.089
% Ch	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%	4.0%	1.5%	0.5%
Services	85.748	88.320	90.844	93.305	95.319	97.393	100.000	103.257	106.018
% Ch	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%	2.7%	3.3%	2.7%
Consumer Price Index (1982-84=1.000)	1.482	1.524	1.569	1.605	1.630	1.666	1.722	1.770	1.799
% Ch	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%	1.6%

SELECTED INTEREST RATES

Federal Funds	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%	1.7%
NY Fed Discount	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%	5.7%	3.4%	1.2%
Prime	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%
Existing Home Mortgage	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%	6.5%
U.S. Govt. 3-Month Bills	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%	5.8%	3.4%	1.6%
U.S. Govt. 6-Month Bills	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%	5.9%	3.4%	1.7%
U.S. Govt. 5-Year Notes	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%	6.2%	4.6%	3.8%
U.S. Govt. 10-Year Notes	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%	4.6%

SELECTED US PRODUCTION INDICES

Wood Products	88.8	91.0	93.9	96.7	101.0	105.3	103.7	97.1	100.0
% Ch	5.9%	2.4%	3.3%	3.0%	4.5%	4.2%	-1.5%	-6.4%	3.0%
Computers & Electronic Products	20.7	26.7	34.5	46.1	59.2	77.2	101.3	103.6	100.0
% Ch	17.3%	28.8%	29.3%	33.7%	28.4%	30.4%	31.2%	2.2%	-3.5%
Food	88.2	90.4	88.6	91.0	95.0	96.0	97.7	97.7	100.0
% Ch	0.6%	2.6%	-2.1%	2.8%	4.4%	1.0%	1.7%	0.0%	2.4%
Agricultural Chemicals	114.7	114.3	116.6	120.9	123.5	111.3	105.1	96.7	100.0
% Ch	-0.2%	-0.4%	2.0%	3.8%	2.1%	-9.9%	-5.6%	-8.0%	3.4%
Metal Ore Mining	122.5	123.8	126.4	133.3	132.5	121.2	120.5	109.2	100.0
% Ch	1.9%	1.1%	2.1%	5.5%	-0.6%	-8.6%	-0.6%	-9.4%	-8.4%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
OCTOBER 2008**

MISCELLANEOUS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	106.410	109.462	113.040	116.676	119.819	122.774	125.072	127.029	129.216
% Ch	2.1%	2.9%	3.3%	3.2%	2.7%	2.5%	1.9%	1.6%	1.7%
Consumption Expenditures	105.597	108.392	111.581	114.675	117.659	122.011	123.758	125.911	128.512
% Ch	2.0%	2.6%	2.9%	2.8%	2.6%	3.7%	1.4%	1.7%	2.1%
Durable Goods	92.366	90.696	89.984	88.772	87.154	86.199	84.869	83.921	83.380
% Ch	-3.6%	-1.8%	-0.8%	-1.3%	-1.8%	-1.1%	-1.5%	-1.1%	-0.6%
Nondurable Goods	104.145	107.626	111.606	114.985	118.407	125.570	125.703	127.793	131.091
% Ch	2.0%	3.3%	3.7%	3.0%	3.0%	6.0%	0.1%	1.7%	2.6%
Services	109.379	112.929	116.700	120.752	124.713	128.998	132.329	135.292	138.346
% Ch	3.2%	3.2%	3.3%	3.5%	3.3%	3.4%	2.6%	2.2%	2.3%
Consumer Price Index (1982-84=100)	1.840	1.889	1.953	2.016	2.073	2.164	2.192	2.237	2.291
% Ch	2.3%	2.7%	3.4%	3.2%	2.9%	4.3%	1.3%	2.1%	2.4%

SELECTED INTEREST RATES

Federal Funds	1.1%	1.3%	3.2%	5.0%	5.0%	2.2%	1.2%	2.9%	4.6%
NY Fed Discount	2.1%	2.3%	4.2%	5.9%	5.9%	2.5%	1.6%	3.8%	5.6%
Prime	4.1%	4.3%	6.2%	8.0%	8.1%	5.2%	4.2%	5.9%	7.6%
Existing Home Mortgage	5.7%	5.7%	5.9%	6.6%	6.5%	6.1%	5.7%	6.5%	7.2%
U.S. Govt. 3-Month Bills	1.0%	1.4%	3.1%	4.7%	4.4%	1.6%	1.5%	3.2%	4.5%
U.S. Govt. 6-Month Bills	1.1%	1.6%	3.4%	4.8%	4.5%	1.8%	1.7%	3.3%	4.6%
U.S. Govt. 5-Year Notes	3.0%	3.4%	4.0%	4.7%	4.4%	3.0%	2.9%	4.0%	5.1%
U.S. Govt. 10-Year Notes	4.0%	4.3%	4.3%	4.8%	4.6%	3.8%	3.7%	4.6%	5.4%

SELECTED US PRODUCTION INDICES

Wood Products	100.7	104.4	110.4	110.0	99.2	87.7	77.2	80.3	89.4
% Ch	0.7%	3.6%	5.8%	-0.4%	-9.8%	-11.5%	-12.0%	4.1%	11.3%
Computers & Electronic Products	113.8	129.0	143.5	164.6	183.4	210.5	224.6	249.6	291.1
% Ch	13.8%	13.4%	11.2%	14.7%	11.4%	14.8%	6.7%	11.2%	16.6%
Food	101.0	101.1	104.2	105.4	110.1	112.2	112.4	114.4	117.3
% Ch	1.0%	0.1%	3.0%	1.1%	4.5%	2.0%	0.2%	1.8%	2.6%
Agricultural Chemicals	104.8	109.9	114.4	121.7	112.7	106.2	107.2	113.0	118.0
% Ch	4.8%	4.9%	4.1%	6.4%	-7.4%	-5.7%	0.9%	5.4%	4.5%
Metal Ore Mining	95.4	98.2	106.1	109.9	109.1	116.8	117.8	118.4	119.3
% Ch	-4.6%	2.9%	8.1%	3.6%	-0.7%	7.0%	0.8%	0.5%	0.8%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

DEMOGRAPHICS

	Q1	2006 Q2	Q3	Q4	Q1	2007 Q2	Q3	Q4	Q1	2008 Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,452.7	1,461.7	1,470.0	1,478.5	1,487.3	1,497.2	1,506.7	1,516.1	1,523.4	1,529.0	1,535.3	1,540.3
% Ch	2.4%	2.5%	2.3%	2.3%	2.4%	2.7%	2.6%	2.5%	1.9%	1.5%	1.7%	1.3%
National (Millions)	298.416	299.157	299.987	300.703	301.313	302.045	302.772	303.508	304.249	304.994	305.737	306.481
% Ch	0.8%	1.0%	1.1%	1.0%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BIRTHS												
Idaho (Thousands)	23.789	24.026	24.327	24.456	24.881	25.161	25.427	25.687	25.861	25.965	26.097	26.180
% Ch	4.3%	4.0%	5.1%	2.1%	7.1%	4.6%	4.3%	4.2%	2.7%	1.6%	2.1%	1.3%
National (Thousands)	4,219	4,230	4,242	4,253	4,264	4,276	4,288	4,300	4,312	4,324	4,336	4,348
% Ch	0.7%	1.0%	1.2%	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
DEATHS												
Idaho (Thousands)	10.386	10.444	10.499	10.555	10.958	11.022	11.084	11.145	11.195	11.236	11.280	11.318
% Ch	-12.2%	2.3%	2.1%	2.2%	16.2%	2.4%	2.3%	2.2%	1.8%	1.5%	1.6%	1.3%
National (Thousands)	2,464	2,471	2,478	2,484	2,488	2,495	2,501	2,508	2,515	2,522	2,529	2,536
% Ch	1.8%	1.1%	1.2%	1.0%	0.7%	1.0%	1.0%	1.1%	1.2%	1.1%	1.1%	1.1%
NET MIGRATION												
Idaho (Thousands)	28.086	25.628	22.005	20.658	20.655	21.343	22.349	23.032	21.460	17.080	13.727	9.343
HOUSING												
HOUSING STARTS												
Idaho	22,985	20,763	18,328	15,680	16,877	15,156	13,728	11,256	9,125	9,295	9,387	9,413
% Ch	-12.6%	-33.4%	-39.3%	-46.4%	34.2%	-35.0%	-32.7%	-54.8%	-56.8%	7.7%	4.0%	1.1%
National (Millions)	2.120	1.855	1.702	1.570	1.453	1.460	1.298	1.151	1.053	1.025	0.902	0.783
% Ch	10.4%	-41.4%	-29.1%	-27.7%	-26.6%	1.9%	-37.6%	-38.0%	-30.0%	-10.2%	-40.1%	-43.2%
SINGLE UNITS												
Idaho	20,934	18,721	16,492	13,593	13,885	12,809	11,628	9,426	7,896	8,362	8,126	7,974
% Ch	-13.2%	-36.0%	-39.8%	-53.9%	8.9%	-27.6%	-32.1%	-56.8%	-50.7%	25.7%	-10.8%	-7.3%
National (Millions)	1.743	1.511	1.391	1.250	1.163	1.160	0.986	0.826	0.728	0.675	0.625	0.547
% Ch	4.1%	-43.5%	-28.2%	-34.7%	-25.1%	-1.1%	-47.7%	-50.7%	-39.9%	-25.8%	-26.7%	-41.4%
MULTIPLE UNITS												
Idaho	2,050	2,042	1,836	2,087	2,992	2,347	2,100	1,830	1,228	933	1,261	1,439
% Ch	-6.0%	-1.6%	-34.7%	66.9%	322.7%	-62.1%	-35.9%	-42.3%	-79.7%	-66.6%	232.7%	69.7%
National (Millions)	0.378	0.344	0.312	0.320	0.290	0.300	0.311	0.325	0.325	0.350	0.277	0.236
% Ch	46.4%	-30.9%	-32.9%	10.7%	-32.3%	15.0%	15.5%	18.7%	0.4%	33.4%	-60.6%	-46.9%
HOUSING STOCK												
Idaho (Thousands)	508.0	512.8	517.0	520.6	524.4	527.8	530.8	533.2	535.1	537.0	539.0	540.9
% Ch	4.3%	3.8%	3.3%	2.8%	3.0%	2.6%	2.3%	1.8%	1.4%	1.4%	1.5%	1.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

DEMOGRAPHICS

	Q1	2009 Q2	Q3	Q4	Q1	2010 Q2	Q3	Q4	Q1	2011 Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,545.1	1,549.9	1,554.1	1,561.2	1,567.6	1,575.0	1,582.2	1,590.9	1,598.8	1,607.2	1,616.0	1,625.1
% Ch	1.3%	1.2%	1.1%	1.9%	1.6%	1.9%	1.8%	2.2%	2.0%	2.1%	2.2%	2.3%
National (Millions)	307.228	307.978	308.731	309.487	310.244	310.998	311.750	312.499	313.247	313.998	314.752	315.509
% Ch	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BIRTHS												
Idaho (Thousands)	26.252	26.321	26.369	26.538	26.676	26.853	27.021	27.252	27.453	27.673	27.907	28.157
% Ch	1.1%	1.1%	0.7%	2.6%	2.1%	2.7%	2.5%	3.5%	3.0%	3.3%	3.4%	3.6%
National (Thousands)	4,360	4,373	4,385	4,397	4,411	4,422	4,434	4,444	4,453	4,463	4,472	4,482
% Ch	1.1%	1.1%	1.1%	1.1%	1.3%	1.1%	1.0%	0.9%	0.8%	0.9%	0.9%	0.8%
DEATHS												
Idaho (Thousands)	11.354	11.390	11.424	11.473	11.518	11.568	11.617	11.675	11.728	11.784	11.842	11.902
% Ch	1.3%	1.3%	1.2%	1.7%	1.6%	1.8%	1.7%	2.0%	1.8%	1.9%	2.0%	2.0%
National (Thousands)	2,543	2,550	2,557	2,564	2,571	2,578	2,585	2,591	2,596	2,603	2,609	2,616
% Ch	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%	1.0%	1.0%	0.8%	1.0%	1.0%	1.1%
NET MIGRATION												
Idaho (Thousands)	6.824	5.940	3.862	5.868	7.353	9.886	12.703	14.035	15.433	16.326	17.766	18.020
HOUSING												
HOUSING STARTS												
Idaho	9,033	9,188	9,870	9,265	10,232	10,599	10,575	11,265	11,931	12,717	13,709	15,039
% Ch	-15.2%	7.0%	33.2%	-22.4%	48.7%	15.1%	-0.9%	28.8%	25.9%	29.0%	35.1%	44.8%
National (Millions)	0.743	0.738	0.819	0.884	0.961	1.051	1.135	1.251	1.327	1.411	1.490	1.564
% Ch	-18.9%	-2.6%	51.2%	36.3%	39.4%	42.8%	36.0%	47.7%	26.9%	27.8%	24.3%	21.2%
SINGLE UNITS												
Idaho	7,364	7,421	8,055	7,387	8,317	8,657	8,591	9,190	9,772	10,405	11,185	12,293
% Ch	-27.3%	3.1%	38.8%	-29.3%	60.7%	17.4%	-3.0%	30.9%	27.8%	28.6%	33.5%	45.9%
National (Millions)	0.496	0.520	0.628	0.705	0.784	0.870	0.930	1.028	1.102	1.173	1.241	1.297
% Ch	-32.1%	20.7%	113.0%	58.2%	52.9%	51.9%	30.9%	49.1%	32.1%	28.0%	25.4%	19.3%
MULTIPLE UNITS												
Idaho	1,669	1,767	1,815	1,878	1,915	1,942	1,983	2,074	2,160	2,312	2,525	2,746
% Ch	81.0%	25.5%	11.5%	14.4%	8.1%	5.8%	8.8%	19.7%	17.5%	31.3%	42.2%	40.0%
National (Millions)	0.247	0.218	0.190	0.180	0.178	0.181	0.204	0.223	0.225	0.239	0.249	0.267
% Ch	18.8%	-39.1%	-42.1%	-20.2%	-5.1%	7.5%	62.6%	41.5%	4.6%	26.5%	18.8%	31.1%
HOUSING STOCK												
Idaho (Thousands)	542.8	544.7	546.7	548.6	550.8	553.0	555.2	557.6	560.2	563.0	566.0	569.3
% Ch	1.4%	1.4%	1.5%	1.4%	1.6%	1.6%	1.6%	1.7%	1.9%	2.0%	2.2%	2.4%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

OUTPUT, INCOME, & WAGES

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	12,960	13,134	13,250	13,370	13,511	13,738	13,951	14,031	14,151	14,295	14,472	14,491
% Ch	8.6%	5.5%	3.6%	3.7%	4.3%	6.9%	6.4%	2.3%	3.5%	4.1%	5.1%	0.5%
2000 Chain-Weighted	11,217	11,292	11,314	11,356	11,358	11,491	11,626	11,621	11,646	11,727	11,723	11,679
% Ch	4.8%	2.7%	0.8%	1.5%	0.0%	4.8%	4.8%	-0.2%	0.9%	2.8%	-0.2%	-1.5%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	43,075	44,122	44,528	45,830	46,704	47,176	47,739	48,525	48,280	49,055	49,617	49,751
% Ch	10.2%	10.1%	3.7%	12.2%	7.8%	4.1%	4.9%	6.8%	-2.0%	6.6%	4.7%	1.1%
Idaho Nonfarm (Millions)	42,477	43,591	43,876	45,049	45,773	46,164	46,589	47,463	47,415	48,358	48,596	48,748
% Ch	12.0%	10.9%	2.6%	11.1%	6.6%	3.5%	3.7%	7.7%	-0.4%	8.2%	2.0%	1.3%
National (Billions)	10,782	10,913	11,056	11,225	11,473	11,578	11,730	11,872	11,961	12,189	12,254	12,292
% Ch	8.6%	5.0%	5.3%	6.2%	9.1%	3.7%	5.4%	4.9%	3.0%	7.9%	2.2%	1.3%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	37,924	38,535	38,592	39,770	40,192	40,237	40,467	40,702	40,139	40,360	40,270	40,446
% Ch	8.4%	6.6%	0.6%	12.8%	4.3%	0.4%	2.3%	2.3%	-5.4%	2.2%	-0.9%	1.8%
Idaho Nonfarm (Millions)	37,398	38,071	38,027	39,092	39,391	39,374	39,493	39,811	39,420	39,786	39,442	39,631
% Ch	10.1%	7.4%	-0.5%	11.7%	3.1%	-0.2%	1.2%	3.3%	-3.9%	3.8%	-3.4%	1.9%
National (Billions)	9,492	9,531	9,582	9,740	9,873	9,875	9,944	9,958	9,944	10,028	9,946	9,993
% Ch	6.8%	1.6%	2.2%	6.8%	5.6%	0.0%	2.8%	0.6%	-0.6%	3.5%	-3.3%	1.9%
PER CAPITA PERS INC - CURR \$												
Idaho	29,652	30,186	30,291	30,997	31,402	31,510	31,684	32,006	31,692	32,083	32,318	32,299
% Ch	7.6%	7.4%	1.4%	9.7%	5.3%	1.4%	2.2%	4.1%	-3.9%	5.0%	3.0%	-0.2%
National	36,129	36,480	36,855	37,328	38,077	38,330	38,743	39,116	39,311	39,964	40,081	40,108
% Ch	7.7%	3.9%	4.2%	5.2%	8.3%	2.7%	4.4%	3.9%	2.0%	6.8%	1.2%	0.3%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,106	26,363	26,253	26,898	27,024	26,875	26,858	26,846	26,348	26,397	26,230	26,258
% Ch	5.8%	4.0%	-1.7%	10.2%	1.9%	-2.2%	-0.3%	-0.2%	-7.2%	0.7%	-2.5%	0.4%
National	31,809	31,860	31,942	32,392	32,768	32,692	32,842	32,810	32,682	32,881	32,530	32,607
% Ch	5.9%	0.6%	1.0%	5.8%	4.7%	-0.9%	1.8%	-0.4%	-1.5%	2.4%	-4.2%	0.9%
AVERAGE ANNUAL WAGE												
Idaho	33,324	33,788	33,399	34,667	34,626	34,464	34,519	35,177	35,002	35,344	35,646	35,924
% Ch	11.9%	5.7%	-4.5%	16.1%	-0.5%	-1.9%	0.6%	7.8%	-2.0%	4.0%	3.5%	3.2%
National	43,923	43,921	44,254	45,049	45,880	45,896	46,296	46,841	47,260	47,702	48,183	48,511
% Ch	8.4%	0.0%	3.1%	7.4%	7.6%	0.1%	3.5%	4.8%	3.6%	3.8%	4.1%	2.8%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

OUTPUT, INCOME, & WAGES

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	14,524	14,595	14,686	14,816	14,978	15,153	15,334	15,494	15,687	15,883	16,085	16,278
% Ch	0.9%	2.0%	2.5%	3.6%	4.4%	4.8%	4.9%	4.2%	5.1%	5.1%	5.2%	4.9%
2000 Chain-Weighted	11,659	11,694	11,728	11,788	11,862	11,954	12,048	12,123	12,216	12,318	12,423	12,520
% Ch	-0.7%	1.2%	1.1%	2.1%	2.5%	3.1%	3.2%	2.5%	3.1%	3.4%	3.5%	3.2%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	50,163	50,494	50,811	51,240	51,791	52,404	53,072	53,772	54,633	55,505	56,380	57,273
% Ch	3.4%	2.7%	2.5%	3.4%	4.4%	4.8%	5.2%	5.4%	6.6%	6.5%	6.5%	6.5%
Idaho Nonfarm (Millions)	49,065	49,344	49,687	50,104	50,638	51,259	51,914	52,606	53,418	54,305	55,187	56,094
% Ch	2.6%	2.3%	2.8%	3.4%	4.3%	5.0%	5.2%	5.4%	6.3%	6.8%	6.7%	6.7%
National (Billions)	12,381	12,454	12,539	12,637	12,756	12,890	13,036	13,184	13,360	13,532	13,713	13,893
% Ch	2.9%	2.4%	2.8%	3.2%	3.8%	4.3%	4.6%	4.6%	5.4%	5.3%	5.5%	5.4%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,734	40,897	40,990	41,169	41,420	41,727	42,059	42,396	42,848	43,307	43,756	44,217
% Ch	2.9%	1.6%	0.9%	1.8%	2.5%	3.0%	3.2%	3.2%	4.3%	4.3%	4.2%	4.3%
Idaho Nonfarm (Millions)	39,843	39,966	40,084	40,257	40,498	40,815	41,141	41,476	41,896	42,371	42,830	43,306
% Ch	2.2%	1.2%	1.2%	1.7%	2.4%	3.2%	3.2%	3.3%	4.1%	4.6%	4.4%	4.5%
National (Billions)	10,054	10,087	10,116	10,154	10,202	10,264	10,331	10,394	10,478	10,558	10,642	10,726
% Ch	2.4%	1.3%	1.1%	1.5%	1.9%	2.5%	2.6%	2.5%	3.2%	3.1%	3.2%	3.2%
PER CAPITA PERS INC - CURR \$												
Idaho	32,465	32,580	32,696	32,820	33,037	33,272	33,544	33,801	34,171	34,534	34,888	35,242
% Ch	2.1%	1.4%	1.4%	1.5%	2.7%	2.9%	3.3%	3.1%	4.5%	4.3%	4.2%	4.1%
National	40,299	40,438	40,616	40,834	41,117	41,448	41,814	42,188	42,648	43,095	43,566	44,035
% Ch	1.9%	1.4%	1.8%	2.2%	2.8%	3.3%	3.6%	3.6%	4.4%	4.3%	4.5%	4.4%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,363	26,388	26,376	26,369	26,422	26,493	26,583	26,650	26,800	26,945	27,077	27,208
% Ch	1.6%	0.4%	-0.2%	-0.1%	0.8%	1.1%	1.4%	1.0%	2.3%	2.2%	2.0%	2.0%
National	32,724	32,752	32,766	32,808	32,884	33,003	33,138	33,262	33,449	33,624	33,812	33,996
% Ch	1.4%	0.3%	0.2%	0.5%	0.9%	1.5%	1.6%	1.5%	2.3%	2.1%	2.3%	2.2%
AVERAGE ANNUAL WAGE												
Idaho	36,236	36,531	36,797	37,064	37,348	37,648	37,945	38,243	38,571	38,906	39,212	39,514
% Ch	3.5%	3.3%	2.9%	2.9%	3.1%	3.3%	3.2%	3.2%	3.5%	3.5%	3.2%	3.1%
National	48,943	49,326	49,685	50,007	50,381	50,716	51,084	51,463	51,898	52,288	52,694	53,114
% Ch	3.6%	3.2%	2.9%	2.6%	3.0%	2.7%	2.9%	3.0%	3.4%	3.0%	3.1%	3.2%

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**IDAHO ECONOMIC FORECAST
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PERSONAL INCOME -- CURR \$\$

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	21,778	22,269	22,197	23,143	23,369	23,434	23,481	23,969	23,770	23,901	24,158	24,198
% Ch	18.0%	9.3%	-1.3%	18.2%	4.0%	1.1%	0.8%	8.6%	-3.3%	2.2%	4.4%	0.7%
National (Billions)	5,946	5,966	6,034	6,162	6,294	6,311	6,378	6,466	6,518	6,569	6,623	6,642
% Ch	10.8%	1.3%	4.6%	8.8%	8.8%	1.1%	4.3%	5.6%	3.3%	3.1%	3.3%	1.2%
FARM PROPRIETORS INCOME												
Idaho (Millions)	152	84	200	322	460	533	666	577	376	203	430	418
% Ch	-92.2%	-90.7%	3113.7%	571.9%	316.5%	80.3%	143.8%	-43.7%	-82.0%	-91.5%	1906.7%	-10.5%
National (Billions)	17	10	14	24	39	42	47	47	42	38	29	28
% Ch	-84.8%	-89.7%	293.2%	769.9%	656.1%	34.2%	57.7%	-2.5%	-39.1%	-30.4%	-64.3%	-21.1%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,416	4,509	4,462	4,437	4,344	4,352	4,363	4,474	4,341	4,358	4,414	4,388
% Ch	15.6%	8.7%	-4.1%	-2.2%	-8.1%	0.7%	1.0%	10.6%	-11.4%	1.6%	5.2%	-2.3%
National (Billions)	988	1,008	1,000	999	998	1,008	1,016	1,027	1,030	1,039	1,051	1,043
% Ch	8.9%	8.7%	-3.4%	-0.4%	-0.3%	4.1%	3.4%	4.1%	1.3%	3.5%	4.8%	-3.0%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	8,017	8,360	8,638	8,787	9,100	9,344	9,572	9,715	9,795	9,886	10,090	10,147
% Ch	-4.4%	18.2%	14.0%	7.1%	15.0%	11.2%	10.1%	6.1%	3.3%	3.8%	8.5%	2.3%
National (Billions)	1,788	1,855	1,906	1,927	1,966	2,027	2,073	2,095	2,093	2,111	2,163	2,171
% Ch	9.0%	15.8%	11.5%	4.4%	8.4%	13.0%	9.3%	4.3%	-0.3%	3.4%	10.2%	1.6%
OTHER LABOR INCOME												
Idaho (Millions)	5,332	5,494	5,468	5,661	5,655	5,690	5,676	5,770	5,753	5,781	5,825	5,858
% Ch	13.5%	12.7%	-1.9%	14.9%	-0.4%	2.5%	-1.0%	6.8%	-1.2%	2.0%	3.1%	2.2%
National (Billions)	947	953	960	968	978	988	997	1,006	1,015	1,024	1,032	1,042
% Ch	3.1%	2.7%	2.8%	3.6%	4.0%	4.2%	3.6%	3.8%	3.8%	3.6%	3.1%	3.8%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	6,372	6,506	6,626	6,680	6,982	6,993	7,109	7,199	7,412	8,099	7,896	7,940
% Ch	16.5%	8.7%	7.6%	3.3%	19.3%	0.6%	6.8%	5.2%	12.4%	42.6%	-9.7%	2.3%
National (Billions)	1,568	1,595	1,620	1,630	1,696	1,699	1,721	1,738	1,778	1,926	1,877	1,889
% Ch	8.9%	7.0%	6.6%	2.4%	17.2%	0.8%	5.1%	4.1%	9.6%	37.7%	-9.9%	2.6%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,651	3,752	3,741	3,884	3,909	3,888	3,874	3,936	3,934	3,944	3,966	3,963
% Ch	23.8%	11.5%	-1.2%	16.2%	2.6%	-2.1%	-1.4%	6.6%	-0.2%	1.0%	2.2%	-0.3%
National (Billions)	445	445	448	456	462	462	465	470	476	479	481	483
% Ch	9.5%	0.1%	2.8%	6.9%	5.9%	-0.5%	3.0%	3.9%	6.0%	1.9%	2.1%	1.8%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	660	652	677	685	704	720	745	757	766	770	770	765
% Ch	7.6%	-4.8%	16.2%	4.8%	11.6%	9.4%	14.6%	6.6%	4.8%	2.1%	-0.2%	-2.4%

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**IDAHO ECONOMIC FORECAST
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PERSONAL INCOME -- CURR \$\$

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	24,297	24,412	24,564	24,780	25,101	25,413	25,743	26,098	26,505	26,954	27,372	27,819
% Ch	1.6%	1.9%	2.5%	3.6%	5.3%	5.1%	5.3%	5.6%	6.4%	7.0%	6.3%	6.7%
National (Billions)	6,678	6,709	6,752	6,804	6,872	6,942	7,019	7,098	7,189	7,274	7,365	7,458
% Ch	2.2%	1.9%	2.6%	3.1%	4.1%	4.1%	4.5%	4.6%	5.2%	4.9%	5.1%	5.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	521	575	553	568	585	578	592	600	646	630	622	608
% Ch	141.8%	47.9%	-14.2%	11.4%	12.5%	-4.7%	9.7%	5.4%	34.7%	-9.2%	-5.0%	-9.2%
National (Billions)	27	29	28	28	28	27	28	28	28	27	26	25
% Ch	-4.7%	35.2%	-18.0%	5.4%	-4.9%	-9.7%	4.3%	0.3%	-1.9%	-14.2%	-10.3%	-14.8%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,435	4,478	4,524	4,577	4,632	4,695	4,748	4,793	4,851	4,910	4,965	5,029
% Ch	4.4%	3.9%	4.2%	4.8%	4.9%	5.6%	4.6%	3.9%	4.9%	5.0%	4.5%	5.3%
National (Billions)	1,054	1,063	1,074	1,085	1,098	1,112	1,124	1,134	1,147	1,161	1,173	1,187
% Ch	4.1%	3.6%	3.9%	4.5%	4.6%	5.3%	4.4%	3.6%	4.7%	4.7%	4.3%	5.1%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	10,108	10,041	10,012	10,023	10,096	10,214	10,369	10,560	10,747	10,967	11,182	11,391
% Ch	-1.5%	-2.6%	-1.2%	0.5%	2.9%	4.8%	6.2%	7.6%	7.3%	8.5%	8.1%	7.7%
National (Billions)	2,162	2,147	2,141	2,148	2,167	2,194	2,226	2,265	2,302	2,346	2,387	2,426
% Ch	-1.8%	-2.6%	-1.1%	1.2%	3.6%	5.0%	6.0%	7.2%	6.8%	7.8%	7.2%	6.8%
OTHER LABOR INCOME												
Idaho (Millions)	5,901	5,945	6,000	6,044	6,116	6,185	6,258	6,305	6,373	6,459	6,558	6,655
% Ch	3.0%	3.0%	3.7%	3.0%	4.8%	4.6%	4.8%	3.1%	4.4%	5.5%	6.3%	6.0%
National (Billions)	1,055	1,067	1,082	1,093	1,104	1,115	1,128	1,135	1,145	1,156	1,171	1,185
% Ch	5.2%	4.7%	5.4%	4.1%	4.2%	4.1%	4.6%	2.6%	3.7%	3.8%	5.4%	4.9%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	8,137	8,272	8,374	8,457	8,554	8,625	8,699	8,790	8,970	9,091	9,220	9,352
% Ch	10.3%	6.8%	5.0%	4.0%	4.6%	3.4%	3.4%	4.3%	8.4%	5.5%	5.8%	5.8%
National (Billions)	1,936	1,969	1,994	2,012	2,034	2,050	2,066	2,084	2,124	2,150	2,177	2,204
% Ch	10.3%	6.9%	5.3%	3.6%	4.5%	3.1%	3.2%	3.6%	7.9%	4.9%	5.1%	5.1%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,999	3,990	3,976	3,972	4,060	4,079	4,114	4,158	4,252	4,310	4,350	4,401
% Ch	3.6%	-0.9%	-1.4%	-0.4%	9.1%	1.9%	3.5%	4.3%	9.4%	5.5%	3.8%	4.8%
National (Billions)	490	491	491	492	502	505	509	514	525	531	535	541
% Ch	5.7%	0.6%	0.2%	0.6%	8.8%	1.9%	3.6%	4.2%	8.9%	4.2%	3.3%	4.0%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	763	761	760	761	767	772	777	784	792	802	810	820
% Ch	-1.3%	-1.0%	-0.4%	0.8%	2.8%	2.6%	2.9%	3.4%	4.3%	5.0%	4.4%	4.9%

National Variables Forecast by Global Insight
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OCTOBER 2008**

EMPLOYMENT

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	630,858	636,950	642,137	645,717	652,311	657,032	657,149	658,706	655,670	652,805	651,078	647,218
% Ch	6.1%	3.9%	3.3%	2.2%	4.1%	2.9%	0.1%	1.0%	-1.8%	-1.7%	-1.1%	-2.4%
National (Thousands)	135,383	135,840	136,354	136,789	137,184	137,500	137,758	138,031	137,917	137,699	137,448	136,919
% Ch	2.2%	1.4%	1.5%	1.3%	1.2%	0.9%	0.8%	0.8%	-0.3%	-0.6%	-0.7%	-1.5%
GOODS PRODUCING SECTOR												
Idaho	120,207	122,210	123,065	123,779	124,945	124,492	122,845	121,207	117,086	114,457	113,370	110,492
% Ch	16.3%	6.8%	2.8%	2.3%	3.8%	-1.4%	-5.2%	-5.2%	-12.9%	-8.7%	-3.7%	-9.8%
National (Thousands)	22,530	22,579	22,568	22,460	22,377	22,280	22,185	22,042	21,820	21,565	21,373	21,160
% Ch	2.9%	0.9%	-0.2%	-1.9%	-1.5%	-1.7%	-1.7%	-2.6%	-4.0%	-4.6%	-3.5%	-3.9%
MANUFACTURING												
Idaho	66,972	67,592	68,253	68,581	68,580	68,685	67,703	67,290	66,223	65,380	64,756	63,749
% Ch	8.0%	3.8%	4.0%	1.9%	0.0%	0.6%	-5.6%	-2.4%	-6.2%	-5.0%	-3.8%	-6.1%
National (Thousands)	14,275	14,268	14,222	14,122	14,048	13,969	13,910	13,848	13,751	13,623	13,491	13,359
% Ch	0.3%	-0.2%	-1.3%	-2.8%	-2.1%	-2.2%	-1.7%	-1.8%	-2.8%	-3.7%	-3.8%	-3.8%
DURABLE MANUFACTURING												
Idaho	43,812	44,357	44,916	45,364	45,115	44,990	43,701	42,996	41,707	40,542	40,021	39,324
% Ch	10.3%	5.1%	5.1%	4.0%	-2.2%	-1.1%	-11.0%	-6.3%	-11.5%	-10.7%	-5.0%	-6.8%
National (Thousands)	9,055	9,078	9,056	9,001	8,943	8,893	8,855	8,814	8,745	8,648	8,552	8,465
% Ch	1.0%	1.0%	-1.0%	-2.4%	-2.5%	-2.2%	-1.7%	-1.8%	-3.1%	-4.4%	-4.3%	-4.0%
LOGGING & WOOD PRODUCTS												
Idaho	10,069	10,164	10,055	9,854	9,734	9,810	9,454	9,316	8,791	8,106	7,722	7,745
% Ch	10.4%	3.8%	-4.2%	-7.8%	-4.8%	3.2%	-13.7%	-5.7%	-20.7%	-27.7%	-17.7%	1.2%
National (Thousands)	637	633	621	603	592	583	578	569	559	543	527	520
% Ch	4.3%	-2.7%	-7.3%	-11.1%	-7.0%	-5.8%	-3.5%	-6.0%	-7.2%	-10.9%	-11.3%	-5.3%
METAL FABRICATION												
Idaho	4,214	4,280	4,390	4,625	4,609	4,680	4,679	4,668	4,752	4,707	4,698	4,589
% Ch	11.9%	6.4%	10.7%	23.2%	-1.3%	6.3%	-0.1%	-0.9%	7.4%	-3.8%	-0.7%	-9.0%
National (Thousands)	1,540	1,549	1,562	1,562	1,563	1,562	1,564	1,565	1,558	1,542	1,531	1,522
% Ch	2.5%	2.4%	3.4%	-0.1%	0.2%	-0.3%	0.6%	0.4%	-1.8%	-4.2%	-2.7%	-2.3%
MACHINERY												
Idaho	2,793	2,840	2,874	2,953	2,876	2,977	3,035	3,085	3,140	3,178	3,160	3,078
% Ch	22.9%	7.0%	4.8%	11.4%	-10.1%	14.9%	8.0%	6.8%	7.3%	5.0%	-2.2%	-10.0%
National (Thousands)	1,175	1,181	1,188	1,189	1,187	1,187	1,189	1,190	1,194	1,194	1,193	1,184
% Ch	0.6%	2.0%	2.3%	0.4%	-0.7%	-0.1%	0.7%	0.4%	1.2%	0.2%	-0.5%	-2.7%
COMPUTER & ELECTRONICS												
Idaho	16,383	16,436	16,790	17,063	17,020	16,762	15,856	15,238	14,765	14,547	14,221	13,692
% Ch	10.1%	1.3%	8.9%	6.7%	-1.0%	-5.9%	-19.9%	-14.7%	-11.9%	-5.8%	-8.7%	-14.1%
National (Thousands)	1,308	1,314	1,308	1,301	1,290	1,274	1,265	1,258	1,254	1,250	1,248	1,249
% Ch	-1.7%	1.7%	-1.7%	-2.3%	-3.1%	-4.9%	-3.0%	-2.1%	-1.3%	-1.2%	-0.7%	0.3%
OTHER DURABLES												
Idaho	10,354	10,637	10,807	10,869	10,876	10,761	10,677	10,689	10,259	10,004	10,220	10,219
% Ch	6.6%	11.4%	6.5%	2.3%	0.3%	-4.2%	-3.1%	0.4%	-15.1%	-9.6%	8.9%	-0.1%
National (Thousands)	4,395	4,401	4,377	4,347	4,311	4,287	4,260	4,231	4,181	4,118	4,054	3,990
% Ch	1.0%	0.6%	-2.2%	-2.8%	-3.2%	-2.2%	-2.5%	-2.6%	-4.7%	-5.8%	-6.1%	-6.2%

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IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
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EMPLOYMENT

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	644,245	642,189	641,744	643,049	646,530	649,711	653,351	657,529	662,225	668,044	673,425	679,553
% Ch	-1.8%	-1.3%	-0.3%	0.8%	2.2%	2.0%	2.3%	2.6%	2.9%	3.6%	3.3%	3.7%
National (Thousands)	136,436	136,019	135,899	136,054	136,405	136,873	137,398	137,924	138,518	139,123	139,771	140,409
% Ch	-1.4%	-1.2%	-0.4%	0.5%	1.0%	1.4%	1.5%	1.5%	1.7%	1.8%	1.9%	1.8%
GOODS PRODUCING SECTOR												
Idaho	107,152	104,503	102,896	102,220	102,608	102,828	103,342	104,216	105,226	106,634	108,201	109,861
% Ch	-11.6%	-9.5%	-6.0%	-2.6%	1.5%	0.9%	2.0%	3.4%	3.9%	5.5%	6.0%	6.3%
National (Thousands)	20,881	20,492	20,179	20,022	19,941	19,931	19,926	19,988	20,103	20,248	20,398	20,542
% Ch	-5.2%	-7.2%	-6.0%	-3.1%	-1.6%	-0.2%	-0.1%	1.3%	2.3%	2.9%	3.0%	2.9%
MANUFACTURING												
Idaho	62,104	60,914	60,354	60,196	60,326	60,514	61,002	61,747	62,550	63,675	64,919	66,099
% Ch	-9.9%	-7.4%	-3.6%	-1.0%	0.9%	1.3%	3.3%	5.0%	5.3%	7.4%	8.0%	7.5%
National (Thousands)	13,194	12,978	12,777	12,648	12,570	12,552	12,562	12,636	12,714	12,795	12,878	12,957
% Ch	-4.9%	-6.4%	-6.1%	-4.0%	-2.5%	-0.6%	0.3%	2.4%	2.5%	2.6%	2.6%	2.5%
DURABLE MANUFACTURING												
Idaho	37,960	36,882	36,358	36,161	36,257	36,400	36,810	37,442	38,125	39,109	40,197	41,230
% Ch	-13.2%	-10.9%	-5.6%	-2.2%	1.1%	1.6%	4.6%	7.0%	7.5%	10.7%	11.6%	10.7%
National (Thousands)	8,356	8,200	8,036	7,938	7,878	7,874	7,898	7,965	8,040	8,121	8,201	8,277
% Ch	-5.1%	-7.3%	-7.8%	-4.8%	-3.0%	-0.2%	1.2%	3.5%	3.8%	4.1%	4.0%	3.7%
LOGGING & WOOD PRODUCTS												
Idaho	7,430	7,033	6,819	6,777	6,841	6,983	7,149	7,409	7,728	8,059	8,394	8,698
% Ch	-15.3%	-19.7%	-11.6%	-2.4%	3.8%	8.5%	9.9%	15.3%	18.4%	18.3%	17.7%	15.3%
National (Thousands)	503	484	471	465	463	467	474	487	501	515	529	542
% Ch	-12.1%	-14.3%	-10.3%	-5.1%	-1.3%	2.9%	6.5%	11.1%	11.9%	11.8%	11.3%	10.4%
METAL FABRICATION												
Idaho	4,485	4,417	4,397	4,404	4,426	4,463	4,517	4,576	4,638	4,700	4,760	4,818
% Ch	-8.8%	-5.9%	-1.8%	0.6%	2.0%	3.4%	4.9%	5.4%	5.5%	5.5%	5.2%	4.9%
National (Thousands)	1,511	1,480	1,437	1,404	1,377	1,360	1,349	1,350	1,353	1,358	1,369	1,382
% Ch	-2.9%	-7.9%	-11.2%	-8.9%	-7.5%	-4.8%	-3.2%	0.4%	0.8%	1.4%	3.4%	3.8%
MACHINERY												
Idaho	3,010	2,960	2,942	2,929	2,921	2,920	2,925	2,937	2,952	2,968	2,985	3,000
% Ch	-8.6%	-6.6%	-2.4%	-1.8%	-1.1%	-0.2%	0.7%	1.6%	2.1%	2.2%	2.2%	2.1%
National (Thousands)	1,179	1,170	1,153	1,144	1,132	1,126	1,123	1,126	1,130	1,134	1,140	1,146
% Ch	-1.8%	-3.1%	-5.6%	-2.9%	-4.2%	-2.2%	-1.2%	1.3%	1.4%	1.4%	2.1%	2.2%
COMPUTER & ELECTRONICS												
Idaho	12,930	12,410	12,113	11,901	11,825	11,656	11,668	11,774	11,849	12,204	12,656	13,088
% Ch	-20.5%	-15.1%	-9.2%	-6.8%	-2.5%	-5.6%	0.4%	3.7%	2.6%	12.6%	15.6%	14.4%
National (Thousands)	3,924	3,862	3,793	3,750	3,722	3,720	3,730	3,767	3,803	3,840	3,882	3,922
% Ch	-3.4%	-10.7%	-7.1%	-2.3%	2.8%	6.4%	6.9%	4.3%	5.9%	6.9%	2.2%	1.2%
OTHER DURABLES												
Idaho	10,105	10,062	10,088	10,150	10,244	10,378	10,551	10,747	10,958	11,176	11,402	11,626
% Ch	-4.4%	-1.7%	1.0%	2.5%	3.7%	5.3%	6.8%	7.6%	8.1%	8.2%	8.3%	8.1%
National (Thousands)	3,924	3,862	3,793	3,750	3,722	3,720	3,730	3,767	3,803	3,840	3,882	3,922
% Ch	-6.4%	-6.2%	-7.0%	-4.5%	-2.9%	-0.3%	1.1%	4.0%	3.9%	4.0%	4.4%	4.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008
EMPLOYMENT

MANUFACTURING (continued)

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,160	23,235	23,336	23,217	23,465	23,695	24,002	24,293	24,516	24,838	24,735	24,425
% Ch	3.8%	1.3%	1.8%	-2.0%	4.3%	4.0%	5.3%	4.9%	3.7%	5.4%	-1.7%	-4.9%
National (Thousands)	5,220	5,190	5,166	5,121	5,104	5,076	5,054	5,033	5,005	4,975	4,939	4,894
% Ch	-1.0%	-2.3%	-1.8%	-3.4%	-1.3%	-2.2%	-1.7%	-1.7%	-2.2%	-2.4%	-2.9%	-3.6%
FOOD PROCESSING												
Idaho	14,694	14,728	14,760	14,616	14,806	14,975	15,207	15,383	15,656	16,012	15,887	15,703
% Ch	0.5%	0.9%	0.9%	-3.8%	5.3%	4.7%	6.3%	4.7%	7.3%	9.4%	-3.1%	-4.6%
National (Thousands)	1,479	1,480	1,481	1,478	1,480	1,480	1,482	1,481	1,481	1,473	1,473	1,470
% Ch	1.2%	0.4%	0.3%	-0.7%	0.5%	0.1%	0.5%	-0.2%	0.0%	-2.1%	-0.2%	-0.6%
PRINTING												
Idaho	1,872	1,913	1,922	1,924	1,925	1,885	1,884	1,876	1,858	1,801	1,785	1,772
% Ch	-5.3%	9.1%	1.9%	0.4%	0.3%	-8.1%	-0.2%	-1.7%	-3.8%	-11.6%	-3.6%	-2.8%
National (Thousands)	638	635	632	633	629	625	622	621	616	607	598	592
% Ch	-1.8%	-1.6%	-2.3%	0.6%	-2.1%	-2.9%	-1.5%	-0.8%	-3.1%	-5.9%	-5.6%	-3.9%
CHEMICALS												
Idaho	2,086	2,097	2,136	2,147	2,204	2,255	2,278	2,329	2,346	2,366	2,413	2,379
% Ch	31.4%	2.2%	7.6%	2.0%	11.1%	9.5%	4.2%	9.2%	2.9%	3.5%	8.1%	-5.5%
National (Thousands)	866	864	867	866	864	862	864	861	861	861	855	849
% Ch	-0.4%	-0.8%	1.3%	-0.6%	-1.0%	-0.8%	0.7%	-1.2%	-0.1%	0.0%	-2.9%	-2.5%
OTHER NONDURABLES												
Idaho	4,509	4,496	4,518	4,530	4,530	4,580	4,633	4,706	4,657	4,659	4,650	4,571
% Ch	8.2%	-1.1%	2.0%	1.1%	0.0%	4.5%	4.8%	6.4%	-4.1%	0.2%	-0.7%	-6.6%
National (Thousands)	2,238	2,210	2,186	2,144	2,131	2,109	2,086	2,070	2,047	2,034	2,013	1,982
% Ch	-2.5%	-4.8%	-4.2%	-7.5%	-2.4%	-4.2%	-4.2%	-3.1%	-4.4%	-2.6%	-4.0%	-6.1%
MINING												
Idaho	2,323	2,393	2,371	2,410	2,577	2,582	2,671	2,843	2,883	2,893	2,828	2,763
% Ch	10.7%	12.6%	-3.6%	6.7%	30.7%	0.8%	14.5%	28.3%	5.8%	1.3%	-8.6%	-8.9%
National (Thousands)	597	615	627	640	649	658	667	674	686	701	729	732
% Ch	11.1%	12.6%	8.2%	8.1%	5.9%	5.9%	5.5%	4.0%	7.4%	9.0%	17.5%	1.6%
CONSTRUCTION												
Idaho	50,912	52,226	52,442	52,788	53,789	53,226	52,471	51,074	47,979	46,185	45,786	43,980
% Ch	28.8%	10.7%	1.7%	2.7%	7.8%	-4.1%	-5.6%	-10.2%	-22.1%	-14.1%	-3.4%	-14.9%
National (Thousands)	7,657	7,696	7,718	7,699	7,681	7,653	7,609	7,521	7,384	7,242	7,153	7,068
% Ch	7.3%	2.0%	1.1%	-1.0%	-0.9%	-1.5%	-2.3%	-4.5%	-7.1%	-7.5%	-4.8%	-4.6%
NONGOODS PRODUCING												
Idaho	510,651	514,739	519,072	521,939	527,366	532,540	534,304	537,499	538,585	538,348	537,708	536,726
% Ch	3.8%	3.2%	3.4%	2.2%	4.2%	4.0%	1.3%	2.4%	0.8%	-0.2%	-0.5%	-0.7%
National (Thousands)	112,854	113,261	113,786	114,329	114,807	115,220	115,573	115,988	116,097	116,134	116,075	115,759
% Ch	2.0%	1.5%	1.9%	1.9%	1.7%	1.4%	1.2%	1.4%	0.4%	0.1%	-0.2%	-1.1%
SERVICES												
Idaho	288,388	291,254	294,631	296,653	300,523	304,245	305,493	307,672	308,134	308,559	307,261	307,007
% Ch	4.5%	4.0%	4.7%	2.8%	5.3%	5.0%	1.7%	2.9%	0.6%	0.6%	-1.7%	-0.3%
National (Thousands)	69,764	70,131	70,508	70,907	71,229	71,533	71,829	72,135	72,245	72,319	72,267	72,106
% Ch	2.9%	2.1%	2.2%	2.3%	1.8%	1.7%	1.7%	1.7%	0.6%	0.4%	-0.3%	-0.9%
INFORMATION												
Idaho	10,473	10,584	10,654	10,646	10,814	10,906	10,888	11,028	11,271	11,490	11,189	11,123
% Ch	-27.2%	4.3%	2.7%	-0.3%	6.5%	3.5%	-0.7%	5.3%	9.1%	8.0%	-10.1%	-2.4%
National (Thousands)	3,054	3,039	3,028	3,028	3,031	3,035	3,027	3,022	3,014	3,002	2,984	2,958
% Ch	-0.3%	-1.9%	-1.4%	0.0%	0.4%	0.4%	-1.0%	-0.7%	-1.1%	-1.6%	-2.4%	-3.4%
FINANCIAL ACTIVITIES												
Idaho	31,176	31,656	31,943	32,208	32,481	32,738	32,491	32,412	32,195	31,949	31,994	31,754
% Ch	7.3%	6.3%	3.7%	3.4%	3.4%	3.2%	-3.0%	-1.0%	-2.7%	-3.0%	0.6%	-3.0%
National (Thousands)	8,293	8,330	8,339	8,353	8,343	8,318	8,312	8,265	8,235	8,223	8,197	8,152
% Ch	2.7%	1.8%	0.4%	0.7%	-0.5%	-1.2%	-0.3%	-2.3%	-1.4%	-0.6%	-1.2%	-2.2%

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IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008
EMPLOYMENT

MANUFACTURING (continued)

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	24,144	24,032	23,996	24,036	24,070	24,114	24,192	24,305	24,425	24,567	24,722	24,869
% Ch	-4.5%	-1.8%	-0.6%	0.7%	0.6%	0.7%	1.3%	1.9%	2.0%	2.3%	2.5%	2.4%
National (Thousands)	4,838	4,778	4,741	4,710	4,692	4,678	4,665	4,671	4,674	4,674	4,677	4,680
% Ch	-4.5%	-4.9%	-3.1%	-2.5%	-1.5%	-1.2%	-1.1%	0.6%	0.2%	0.0%	0.2%	0.3%
FOOD PROCESSING												
Idaho	15,551	15,509	15,510	15,546	15,573	15,609	15,662	15,758	15,870	15,994	16,119	16,239
% Ch	-3.8%	-1.1%	0.0%	0.9%	0.7%	0.9%	1.4%	2.5%	2.9%	3.2%	3.2%	3.0%
National (Thousands)	1,468	1,464	1,465	1,465	1,468	1,470	1,471	1,480	1,487	1,493	1,499	1,504
% Ch	-0.7%	-1.1%	0.3%	0.1%	0.9%	0.6%	0.1%	2.4%	2.0%	1.5%	1.6%	1.4%
PRINTING												
Idaho	1,752	1,734	1,724	1,717	1,710	1,703	1,693	1,682	1,673	1,667	1,664	1,662
% Ch	-4.5%	-4.1%	-2.3%	-1.6%	-1.5%	-1.6%	-2.4%	-2.6%	-2.0%	-1.4%	-0.9%	-0.4%
National (Thousands)	581	571	563	556	552	549	546	545	543	541	540	538
% Ch	-7.5%	-6.4%	-6.0%	-4.8%	-2.7%	-2.1%	-2.2%	-0.9%	-1.2%	-1.3%	-1.2%	-1.2%
CHEMICALS												
Idaho	2,328	2,293	2,265	2,263	2,261	2,259	2,258	2,256	2,255	2,253	2,250	2,246
% Ch	-8.3%	-6.0%	-4.7%	-0.4%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	-0.3%	-0.6%	-0.7%
National (Thousands)	844	834	827	820	815	812	811	812	812	812	813	815
% Ch	-2.6%	-4.5%	-3.1%	-3.3%	-2.4%	-1.7%	-0.8%	0.5%	0.1%	0.1%	0.4%	0.9%
OTHER NONDURABLES												
Idaho	4,512	4,497	4,497	4,511	4,525	4,543	4,579	4,608	4,627	4,652	4,689	4,722
% Ch	-5.0%	-1.4%	0.1%	1.2%	1.3%	1.6%	3.3%	2.5%	1.6%	2.2%	3.2%	2.8%
National (Thousands)	1,946	1,909	1,886	1,869	1,856	1,846	1,837	1,835	1,832	1,828	1,826	1,823
% Ch	-7.1%	-7.3%	-4.7%	-3.6%	-2.7%	-2.2%	-2.0%	-0.4%	-0.7%	-0.7%	-0.6%	-0.6%
MINING												
Idaho	2,696	2,613	2,574	2,536	2,510	2,482	2,458	2,439	2,433	2,429	2,426	2,421
% Ch	-9.3%	-11.8%	-5.9%	-5.7%	-4.0%	-4.5%	-3.8%	-3.0%	-1.0%	-0.7%	-0.5%	-0.8%
National (Thousands)	741	740	728	718	712	711	710	710	707	705	703	699
% Ch	4.8%	-0.4%	-6.5%	-5.2%	-3.4%	-0.4%	-0.9%	0.2%	-1.6%	-0.9%	-1.6%	-2.0%
CONSTRUCTION												
Idaho	42,352	40,976	39,968	39,487	39,771	39,832	39,882	40,030	40,243	40,530	40,857	41,341
% Ch	-14.0%	-12.4%	-9.5%	-4.7%	2.9%	0.6%	0.5%	1.5%	2.2%	2.9%	3.3%	4.8%
National (Thousands)	6,945	6,774	6,675	6,656	6,659	6,668	6,654	6,642	6,682	6,747	6,817	6,887
% Ch	-6.8%	-9.5%	-5.7%	-1.1%	0.2%	0.5%	-0.8%	-0.7%	2.4%	4.0%	4.2%	4.1%
NONGOODS PRODUCING												
Idaho	537,092	537,685	538,849	540,829	543,922	546,883	550,010	553,313	556,998	561,411	565,225	569,692
% Ch	0.3%	0.4%	0.9%	1.5%	2.3%	2.2%	2.3%	2.4%	2.7%	3.2%	2.7%	3.2%
National (Thousands)	115,556	115,527	115,720	116,032	116,463	116,942	117,473	117,936	118,416	118,876	119,374	119,867
% Ch	-0.7%	-0.1%	0.7%	1.1%	1.5%	1.7%	1.8%	1.6%	1.6%	1.6%	1.7%	1.7%
SERVICES												
Idaho	307,647	308,258	308,962	310,305	312,398	314,923	317,768	320,650	323,705	327,325	330,718	334,138
% Ch	0.8%	0.8%	0.9%	1.8%	2.7%	3.3%	3.7%	3.7%	3.9%	4.5%	4.2%	4.2%
National (Thousands)	72,091	72,080	72,266	72,519	72,822	73,251	73,747	74,195	74,652	75,141	75,610	76,024
% Ch	-0.1%	-0.1%	1.0%	1.4%	1.7%	2.4%	2.7%	2.5%	2.5%	2.6%	2.5%	2.2%
INFORMATION												
Idaho	11,097	11,108	11,155	11,214	11,278	11,344	11,412	11,481	11,551	11,622	11,694	11,766
% Ch	-0.9%	0.4%	1.7%	2.1%	2.3%	2.4%	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%
National (Thousands)	2,945	2,889	2,872	2,855	2,847	2,844	2,832	2,839	2,858	2,863	2,871	2,881
% Ch	-1.8%	-7.3%	-2.3%	-2.3%	-1.1%	-0.5%	-1.7%	1.0%	2.8%	0.7%	1.1%	1.4%
FINANCIAL ACTIVITIES												
Idaho	31,713	31,703	31,836	32,087	32,163	32,266	32,420	32,522	32,716	32,904	33,151	33,457
% Ch	-0.5%	-0.1%	1.7%	3.2%	0.9%	1.3%	1.9%	1.3%	2.4%	2.3%	3.0%	3.7%
National (Thousands)	8,121	8,125	8,162	8,190	8,186	8,192	8,245	8,303	8,347	8,397	8,449	8,512
% Ch	-1.5%	0.2%	1.8%	1.4%	-0.2%	0.3%	2.6%	2.8%	2.2%	2.4%	2.5%	3.0%

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SERVICES (Continued)

		2006				2007				2008			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES													
Idaho		19,954	20,182	20,330	20,505	20,845	20,996	21,052	21,244	21,074	21,091	20,768	20,676
% Ch		7.1%	4.6%	3.0%	3.5%	6.8%	2.9%	1.1%	3.7%	-3.2%	0.3%	-6.0%	-1.8%
National (Thousands)		4,975	5,004	5,032	5,063	5,078	5,084	5,095	5,102	5,093	5,083	5,067	5,039
% Ch		2.3%	2.4%	2.2%	2.5%	1.2%	0.5%	0.8%	0.6%	-0.7%	-0.8%	-1.3%	-2.2%
PROFESSIONAL & BUSINESS													
Idaho		80,719	81,308	81,623	81,805	82,390	83,206	83,592	83,664	81,921	81,276	81,295	81,084
% Ch		14.6%	3.0%	1.6%	0.9%	2.9%	4.0%	1.9%	0.3%	-8.1%	-3.1%	0.1%	-1.0%
National (Thousands)		17,368	17,511	17,650	17,760	17,865	17,925	17,979	18,093	18,063	17,980	17,866	17,734
% Ch		3.6%	3.3%	3.2%	2.5%	2.4%	1.4%	1.2%	2.6%	-0.7%	-1.8%	-2.5%	-2.9%
EDUCATION & HEALTH													
Idaho		68,563	69,276	71,151	71,437	72,678	73,776	74,295	75,471	76,994	78,114	77,911	78,309
% Ch		-0.3%	4.2%	11.3%	1.6%	7.1%	6.2%	2.8%	6.5%	8.3%	6.0%	-1.0%	2.1%
National (Thousands)		17,672	17,764	17,869	17,996	18,112	18,257	18,411	18,527	18,664	18,823	18,983	19,076
% Ch		3.1%	2.1%	2.4%	2.9%	2.6%	3.2%	3.4%	2.5%	3.0%	3.5%	3.4%	2.0%
LEISURE & HOSPITALITY													
Idaho		58,750	59,311	59,745	60,863	62,074	63,197	63,641	64,199	63,923	63,838	63,490	63,432
% Ch		2.9%	3.9%	3.0%	7.7%	8.2%	7.4%	2.8%	3.6%	-1.7%	-0.5%	-2.2%	-0.4%
National (Thousands)		12,980	13,053	13,151	13,246	13,329	13,421	13,507	13,622	13,660	13,683	13,643	13,618
% Ch		3.0%	2.3%	3.0%	2.9%	2.6%	2.8%	2.6%	3.4%	1.1%	0.7%	-1.2%	-0.7%
OTHER SERVICES													
Idaho		18,752	18,937	19,187	19,189	19,241	19,424	19,534	19,654	20,757	20,801	20,614	20,629
% Ch		1.6%	4.0%	5.4%	0.0%	1.1%	3.9%	2.3%	2.5%	24.4%	0.9%	-3.6%	0.3%
National (Thousands)		5,422	5,430	5,439	5,462	5,470	5,492	5,498	5,503	5,516	5,526	5,528	5,530
% Ch		2.1%	0.5%	0.7%	1.7%	0.6%	1.6%	0.4%	0.4%	0.9%	0.7%	0.2%	0.1%
TRADE													
Idaho		105,773	106,943	108,009	109,163	111,065	111,599	111,758	112,206	112,180	111,223	110,127	109,955
% Ch		1.1%	4.5%	4.0%	4.3%	7.2%	1.9%	0.6%	1.6%	-0.1%	-3.4%	-3.9%	-0.6%
National (Thousands)		21,214	21,215	21,260	21,349	21,453	21,504	21,541	21,563	21,494	21,376	21,282	21,119
% Ch		1.1%	0.0%	0.8%	1.7%	2.0%	1.0%	0.7%	0.4%	-1.3%	-2.2%	-1.7%	-3.0%
RETAIL TRADE													
Idaho		79,068	79,987	81,067	81,944	83,273	83,556	83,456	83,930	84,063	83,458	82,268	82,080
% Ch		5.2%	4.7%	5.5%	4.4%	6.6%	1.4%	-0.5%	2.3%	0.6%	-2.8%	-5.6%	-0.9%
National (Thousands)		15,358	15,325	15,341	15,400	15,476	15,490	15,493	15,490	15,434	15,337	15,272	15,147
% Ch		0.3%	-0.9%	0.4%	1.5%	2.0%	0.4%	0.1%	-0.1%	-1.4%	-2.5%	-1.7%	-3.2%
WHOLESALE TRADE													
Idaho		26,705	26,956	26,942	27,219	27,792	28,043	28,302	28,277	28,117	27,765	27,858	27,875
% Ch		-9.9%	3.8%	-0.2%	4.2%	8.7%	3.7%	3.7%	-0.4%	-2.2%	-4.9%	1.4%	0.2%
National (Thousands)		5,856	5,891	5,919	5,949	5,977	6,014	6,048	6,073	6,060	6,039	6,010	5,972
% Ch		3.2%	2.4%	1.9%	2.1%	1.9%	2.5%	2.3%	1.6%	-0.8%	-1.4%	-1.9%	-2.5%
STATE & LOCAL GOVERNMENT													
Idaho		103,552	103,777	103,534	103,226	102,867	103,796	104,391	104,835	105,070	105,238	106,854	106,516
% Ch		5.8%	0.9%	-0.9%	-1.2%	-1.4%	3.7%	2.3%	1.7%	0.9%	0.6%	6.3%	-1.3%
National (Thousands)		19,147	19,182	19,282	19,345	19,396	19,458	19,479	19,563	19,636	19,700	19,777	19,784
% Ch		0.5%	0.7%	2.1%	1.3%	1.1%	1.3%	0.4%	1.7%	1.5%	1.3%	1.6%	0.1%
EDUCATION													
Idaho		52,110	52,389	53,370	52,691	52,565	52,935	53,029	53,515	53,089	53,194	53,714	53,824
% Ch		7.4%	2.2%	7.7%	-5.0%	-1.0%	2.8%	0.7%	3.7%	-3.1%	0.8%	4.0%	0.8%
NONEDUCATION													
Idaho		51,442	51,388	50,164	50,535	50,301	50,860	51,362	51,320	51,981	52,044	53,140	52,692
% Ch		4.2%	-0.4%	-9.2%	3.0%	-1.8%	4.5%	4.0%	-0.3%	5.2%	0.5%	8.7%	-3.3%
FEDERAL GOVERNMENT													
Idaho		12,938	12,765	12,898	12,896	12,911	12,900	12,662	12,786	13,200	13,328	13,466	13,249
% Ch		-4.3%	-5.3%	4.2%	0.0%	0.5%	-0.3%	-7.2%	4.0%	13.6%	3.9%	4.2%	-6.3%
National (Thousands)		2,729	2,733	2,738	2,728	2,729	2,725	2,724	2,728	2,723	2,739	2,749	2,750
% Ch		-1.0%	0.6%	0.7%	-1.4%	0.1%	-0.5%	-0.2%	0.7%	-0.8%	2.5%	1.4%	0.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008
EMPLOYMENT

SERVICES (Continued)		2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
TRANS., WAREHOUSING, UTILITIES													
Idaho	20,525	20,379	20,305	20,299	20,517	20,718	20,900	21,078	21,264	21,472	21,651	21,847	
% Ch	-2.9%	-2.8%	-1.5%	-0.1%	4.4%	4.0%	3.6%	3.4%	3.6%	4.0%	3.4%	3.7%	
National (Thousands)	4,981	4,942	4,945	4,961	4,982	5,020	5,076	5,118	5,159	5,206	5,250	5,292	
% Ch	-4.5%	-3.1%	0.3%	1.2%	1.8%	3.1%	4.5%	3.3%	3.2%	3.7%	3.4%	3.3%	
PROFESSIONAL & BUSINESS													
Idaho	81,204	81,266	81,381	81,884	82,554	83,507	84,655	85,799	86,838	88,279	89,376	90,358	
% Ch	0.6%	0.3%	0.6%	2.5%	3.3%	4.7%	5.6%	5.5%	4.9%	6.8%	5.1%	4.5%	
National (Thousands)	17,638	17,488	17,489	17,592	17,759	18,013	18,296	18,563	18,804	19,085	19,322	19,515	
% Ch	-2.2%	-3.4%	0.0%	2.4%	3.9%	5.8%	6.4%	6.0%	5.3%	6.1%	5.1%	4.1%	
EDUCATION & HEALTH													
Idaho	78,800	79,237	79,391	79,632	80,169	80,803	81,491	82,207	83,031	83,921	84,813	85,723	
% Ch	2.5%	2.2%	0.8%	1.2%	2.7%	3.2%	3.5%	3.6%	4.1%	4.4%	4.3%	4.4%	
National (Thousands)	19,260	19,447	19,551	19,655	19,789	19,925	20,033	20,112	20,195	20,260	20,353	20,408	
% Ch	3.9%	4.0%	2.2%	2.1%	2.8%	2.8%	2.2%	1.6%	1.7%	1.3%	1.9%	1.1%	
LEISURE & HOSPITALITY													
Idaho	63,588	63,761	63,949	64,102	64,491	64,908	65,339	65,823	66,357	66,950	67,615	68,312	
% Ch	1.0%	1.1%	1.2%	1.0%	2.4%	2.6%	2.7%	3.0%	3.3%	3.6%	4.0%	4.2%	
National (Thousands)	13,610	13,620	13,631	13,632	13,626	13,628	13,642	13,646	13,695	13,761	13,821	13,893	
% Ch	-0.2%	0.3%	0.3%	0.0%	-0.2%	0.1%	0.4%	0.1%	1.4%	2.0%	1.7%	2.1%	
OTHER SERVICES													
Idaho	20,721	20,804	20,944	21,086	21,227	21,377	21,550	21,739	21,947	22,175	22,418	22,676	
% Ch	1.8%	1.6%	2.7%	2.7%	2.7%	2.9%	3.3%	3.5%	3.9%	4.2%	4.5%	4.7%	
National (Thousands)	5,537	5,569	5,615	5,635	5,632	5,628	5,623	5,615	5,593	5,569	5,544	5,523	
% Ch	0.5%	2.3%	3.4%	1.4%	-0.2%	-0.3%	-0.4%	-0.6%	-1.5%	-1.7%	-1.8%	-1.5%	
TRADE													
Idaho	109,910	110,212	110,839	111,473	112,137	112,600	113,055	113,470	113,999	114,636	114,835	115,644	
% Ch	-0.2%	1.1%	2.3%	2.3%	2.4%	1.7%	1.6%	1.5%	1.9%	2.3%	0.7%	2.8%	
National (Thousands)	20,941	20,957	21,028	21,138	21,214	21,304	21,386	21,407	21,413	21,366	21,372	21,418	
% Ch	-3.3%	0.3%	1.4%	2.1%	1.4%	1.7%	1.6%	0.4%	0.1%	-0.9%	0.1%	0.9%	
RETAIL TRADE													
Idaho	82,084	82,353	82,873	83,397	83,944	84,337	84,724	85,080	85,524	86,051	86,242	86,900	
% Ch	0.0%	1.3%	2.5%	2.6%	2.6%	1.9%	1.9%	1.7%	2.1%	2.5%	0.9%	3.1%	
National (Thousands)	15,072	15,129	15,208	15,320	15,389	15,445	15,475	15,476	15,453	15,366	15,342	15,367	
% Ch	-2.0%	1.5%	2.1%	3.0%	1.8%	1.4%	0.8%	0.0%	-0.6%	-2.2%	-0.6%	0.6%	
WHOLESALE TRADE													
Idaho	27,826	27,858	27,966	28,076	28,193	28,263	28,331	28,389	28,475	28,585	28,593	28,744	
% Ch	-0.7%	0.5%	1.6%	1.6%	1.7%	1.0%	1.0%	0.8%	1.2%	1.6%	0.1%	2.1%	
National (Thousands)	5,869	5,828	5,820	5,818	5,825	5,859	5,911	5,931	5,960	6,000	6,030	6,051	
% Ch	-6.8%	-2.8%	-0.5%	-0.1%	0.4%	2.4%	3.6%	1.4%	2.0%	2.7%	2.0%	1.4%	
STATE & LOCAL GOVERNMENT													
Idaho	106,302	105,977	105,787	105,724	105,688	105,700	105,721	105,791	105,884	106,026	106,227	106,444	
% Ch	-0.8%	-1.2%	-0.7%	-0.2%	-0.1%	0.0%	0.1%	0.3%	0.4%	0.5%	0.8%	0.8%	
National (Thousands)	19,773	19,737	19,668	19,609	19,571	19,550	19,563	19,580	19,603	19,625	19,651	19,686	
% Ch	-0.2%	-0.7%	-1.4%	-1.2%	-0.8%	-0.4%	0.3%	0.4%	0.5%	0.5%	0.5%	0.7%	
EDUCATION													
Idaho	53,748	53,587	53,580	53,685	53,767	53,856	53,933	54,046	54,166	54,317	54,500	54,690	
% Ch	-0.6%	-1.2%	-0.1%	0.8%	0.6%	0.7%	0.6%	0.8%	0.9%	1.1%	1.4%	1.4%	
NONEDUCATION													
Idaho	52,554	52,390	52,207	52,039	51,922	51,844	51,787	51,745	51,718	51,710	51,727	51,754	
% Ch	-1.0%	-1.2%	-1.4%	-1.3%	-0.9%	-0.6%	-0.4%	-0.3%	-0.2%	-0.1%	0.1%	0.2%	
FEDERAL GOVERNMENT													
Idaho	13,233	13,239	13,261	13,327	13,700	13,660	13,466	13,403	13,411	13,424	13,445	13,467	
% Ch	-0.5%	0.2%	0.7%	2.0%	11.7%	-1.1%	-5.6%	-1.9%	0.2%	0.4%	0.6%	0.7%	
National (Thousands)	2,750	2,754	2,758	2,766	2,857	2,837	2,776	2,754	2,748	2,743	2,741	2,739	
% Ch	0.0%	0.5%	0.6%	1.2%	13.9%	-2.9%	-8.2%	-3.2%	-0.8%	-0.7%	-0.3%	-0.3%	

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

MISCELLANEOUS

	Q1	2006 Q2	Q3	Q4	Q1	2007 Q2	Q3	Q4	Q1	2008 Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	115.536	116.317	117.109	117.742	118.935	119.531	119.984	120.826	121.613	121.951	123.454	124.080
% Ch	3.5%	2.7%	2.8%	2.2%	4.1%	2.0%	1.5%	2.8%	2.6%	1.1%	5.0%	2.0%
Consumption Expenditures	113.581	114.499	115.381	115.239	116.202	117.246	117.969	119.220	120.283	121.544	123.210	123.005
% Ch	1.8%	3.3%	3.1%	-0.5%	3.4%	3.6%	2.5%	4.3%	3.6%	4.3%	5.6%	-0.7%
Durable Goods	89.208	89.027	88.726	88.126	87.717	87.364	86.938	86.598	86.581	86.237	86.148	85.830
% Ch	-0.9%	-0.8%	-1.3%	-2.7%	-1.8%	-1.6%	-1.9%	-1.6%	-0.1%	-1.6%	-0.4%	-1.5%
Nondurable Goods	113.794	115.155	116.412	114.578	116.025	117.830	118.682	121.092	123.059	125.021	128.124	126.077
% Ch	0.3%	4.9%	4.4%	-6.2%	5.1%	6.4%	2.9%	8.4%	6.7%	6.5%	10.3%	-6.2%
Services	119.313	120.285	121.279	122.129	123.200	124.218	125.179	126.253	127.133	128.450	129.827	130.583
% Ch	3.0%	3.3%	3.3%	2.8%	3.6%	3.3%	3.1%	3.5%	2.8%	4.2%	4.4%	2.4%
Consumer Price Index	1.994	2.013	2.032	2.024	2.043	2.066	2.080	2.106	2.128	2.154	2.191	2.181
% Ch	1.8%	3.7%	3.9%	-1.5%	3.7%	4.6%	2.8%	5.0%	4.3%	5.0%	7.0%	-1.9%
SELECTED INTEREST RATES												
Federal Funds	4.5%	4.9%	5.2%	5.2%	5.3%	5.3%	5.1%	4.5%	3.2%	2.1%	2.0%	1.6%
NY Fed Discount	5.4%	5.9%	6.3%	6.3%	6.3%	6.3%	6.0%	5.0%	3.7%	2.3%	2.3%	1.9%
Prime	7.4%	7.9%	8.3%	8.3%	8.3%	8.3%	8.2%	7.5%	6.2%	5.1%	5.0%	4.6%
Existing Home Mortgage	6.4%	6.6%	6.8%	6.5%	6.4%	6.5%	6.8%	6.4%	6.0%	6.1%	6.4%	5.9%
U.S. Govt. 3-Month Bills	4.4%	4.7%	4.9%	4.9%	5.0%	4.7%	4.4%	3.4%	2.2%	1.6%	1.5%	1.1%
U.S. Govt. 6-Month Bills	4.5%	4.8%	5.0%	4.9%	4.9%	4.8%	4.5%	3.6%	2.2%	1.8%	1.8%	1.4%
U.S. Govt. 5-Year Notes	4.5%	5.0%	4.8%	4.6%	4.6%	4.8%	4.5%	3.8%	2.7%	3.2%	3.1%	2.9%
U.S. Govt. 10-Year Notes	4.6%	5.1%	4.9%	4.6%	4.7%	4.8%	4.7%	4.3%	3.7%	3.9%	3.9%	3.7%
SELECTED US PRODUCTION INDICES												
Wood Products	116.3	112.7	109.1	102.0	100.6	101.3	99.7	95.0	91.5	89.9	87.7	81.7
% Ch	-4.5%	-11.8%	-12.0%	-23.8%	-5.1%	2.8%	-6.3%	-17.5%	-13.8%	-6.9%	-9.5%	-24.7%
Computers & Electronic Products	156.4	162.2	168.0	171.8	172.5	178.4	186.8	195.7	202.3	210.2	212.9	216.7
% Ch	8.8%	15.6%	15.1%	9.4%	1.5%	14.5%	20.1%	20.6%	14.1%	16.6%	5.3%	7.4%
Food	105.0	104.6	105.0	106.8	108.0	109.5	111.2	111.5	112.6	112.7	111.8	111.9
% Ch	0.6%	-1.3%	1.3%	7.3%	4.6%	5.5%	6.5%	1.0%	4.0%	0.3%	-3.0%	0.2%
Agricultural Chemicals	119.1	125.3	125.5	117.0	114.1	110.5	112.9	113.2	109.9	108.9	102.5	103.7
% Ch	17.2%	22.6%	0.8%	-24.6%	-9.6%	-12.0%	9.1%	1.0%	-11.0%	-3.7%	-21.5%	4.7%
Metal Ore Mining	108.4	109.5	110.2	111.6	107.9	110.5	110.4	107.7	111.9	116.8	119.4	119.2
% Ch	11.1%	4.0%	2.9%	5.1%	-12.7%	10.1%	-0.5%	-9.5%	16.5%	18.7%	9.3%	-0.7%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
OCTOBER 2008**

MISCELLANEOUS

	Q1	2009 Q2	Q3	Q4	Q1	2010 Q2	Q3	Q4	Q1	2011 Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	124.571	124.802	125.230	125.685	126.262	126.764	127.275	127.815	128.414	128.946	129.484	130.020
% Ch	1.6%	0.7%	1.4%	1.5%	1.8%	1.6%	1.6%	1.7%	1.9%	1.7%	1.7%	1.7%
Consumption Expenditures	123.146	123.466	123.958	124.462	125.039	125.588	126.184	126.833	127.502	128.167	128.851	129.528
% Ch	0.5%	1.0%	1.6%	1.6%	1.9%	1.8%	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%
Durable Goods	85.457	85.031	84.644	84.346	84.160	83.992	83.846	83.688	83.566	83.449	83.322	83.182
% Ch	-1.7%	-2.0%	-1.8%	-1.4%	-0.9%	-0.8%	-0.7%	-0.8%	-0.6%	-0.6%	-0.6%	-0.7%
Nondurable Goods	125.307	125.455	125.762	126.286	126.838	127.382	128.028	128.924	129.807	130.656	131.542	132.361
% Ch	-2.4%	0.5%	1.0%	1.7%	1.8%	1.7%	2.0%	2.8%	2.8%	2.6%	2.7%	2.5%
Services	131.311	131.903	132.706	133.398	134.181	134.913	135.671	136.401	137.165	137.939	138.730	139.550
% Ch	2.2%	1.8%	2.5%	2.1%	2.4%	2.2%	2.3%	2.2%	2.3%	2.3%	2.3%	2.4%
Consumer Price Index	2.180	2.184	2.196	2.207	2.219	2.230	2.242	2.257	2.270	2.284	2.298	2.312
% Ch	0.0%	0.7%	2.2%	2.1%	2.1%	2.1%	2.2%	2.6%	2.5%	2.4%	2.5%	2.5%

SELECTED INTEREST RATES

Federal Funds	1.1%	1.0%	1.2%	1.7%	2.2%	2.7%	3.2%	3.7%	4.2%	4.7%	4.7%	4.7%
NY Fed Discount	1.3%	1.3%	1.5%	2.2%	3.0%	3.4%	4.2%	4.7%	5.2%	5.7%	5.7%	5.7%
Prime	4.1%	4.0%	4.2%	4.7%	5.2%	5.7%	6.2%	6.7%	7.2%	7.7%	7.7%	7.7%
Existing Home Mortgage	5.6%	5.6%	5.8%	5.9%	6.1%	6.3%	6.6%	6.8%	7.1%	7.2%	7.2%	7.2%
U.S. Govt. 3-Month Bills	1.2%	1.2%	1.5%	2.0%	2.5%	2.9%	3.4%	3.8%	4.2%	4.5%	4.6%	4.6%
U.S. Govt. 6-Month Bills	1.4%	1.4%	1.7%	2.1%	2.6%	3.0%	3.5%	3.9%	4.3%	4.6%	4.7%	4.7%
U.S. Govt. 5-Year Notes	2.7%	2.7%	2.9%	3.1%	3.5%	3.8%	4.2%	4.6%	4.9%	5.1%	5.2%	5.2%
U.S. Govt. 10-Year Notes	3.6%	3.6%	3.7%	3.9%	4.1%	4.5%	4.8%	5.1%	5.3%	5.4%	5.4%	5.4%

SELECTED US PRODUCTION INDICES

Wood Products	78.2	76.9	76.6	76.9	77.7	79.0	81.0	83.5	86.1	88.5	90.5	92.4
% Ch	-15.8%	-6.6%	-1.9%	1.8%	4.3%	6.9%	10.7%	12.7%	12.9%	11.5%	9.7%	8.4%
Computers & Electronic Products	218.7	221.9	226.3	231.3	237.4	244.8	253.5	262.8	273.4	285.5	296.8	308.6
% Ch	3.6%	6.1%	8.2%	9.1%	11.0%	12.9%	15.1%	15.5%	17.1%	18.9%	16.7%	16.9%
Food	112.0	112.2	112.5	112.9	113.4	114.0	114.7	115.4	116.2	117.0	117.7	118.3
% Ch	0.4%	0.8%	1.2%	1.4%	1.6%	2.2%	2.5%	2.6%	2.8%	2.6%	2.4%	2.1%
Agricultural Chemicals	105.1	106.6	107.9	109.3	110.7	112.3	113.7	115.1	116.3	117.5	118.6	119.7
% Ch	5.5%	5.8%	5.2%	5.1%	5.5%	5.7%	5.2%	4.8%	4.5%	4.0%	3.9%	3.7%
Metal Ore Mining	118.7	117.8	117.6	117.1	117.6	118.1	118.7	119.1	119.3	119.3	119.3	119.3
% Ch	-1.7%	-3.0%	-0.7%	-1.7%	1.7%	1.7%	2.0%	1.4%	0.7%	0.0%	0.0%	0.0%

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APPENDIX

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THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the nonprofit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

**personal income = wage and salary payments + other labor
income + farm proprietors' income + nonfarm proprietors'
income + property income + transfer payments - contributions
for social insurance + residence adjustment.**

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 2765.816 + 27.980*MOVAV(ID0IP2122_2123(-1),4) - 4460.139*(JECIWSP/WPI10) - 4.929*TREND$$

$$EEA_ID_2300 = -22416.867 + 198.593*ID0HSPRS1_A + 170.223*ID0HSPRS1_A(-1) + 141.852*ID0HSPRS1_A(-2) + 113.482*ID0HSPRS1_A(-3) + 85.111*ID0HSPRS1_A(-4) + 56.741*ID0HSPRS1_A(-5) + 28.370*ID0HSPRS1_A(-6) + 0.180*EEA_ID_44_45 + 0.154*EEA_ID_44_45(-1) + 0.129*EEA_ID_44_45(-2) + 0.103*EEA_ID_44_45(-3) + 0.077*EEA_ID_44_45(-4) + 0.051*EEA_ID_44_45(-5) + 0.026*EEA_ID_44_45(-6)$$

$$EEA_ID_3110 = 16974.476 + 237.817*MOVAV(IPSG3119-1),2) - 242.731*MOVAV(IPSG311/EMN311,6) - 66.184*TREND$$

$$EEA_ID_3230 = 1810.618 + 18.286*MOVAV(IPSG323,4) - 11.321*MOVAV((IPSG323/EMN323),8)$$

$$EEA_ID_3250 = 2725.175 + 12.934*MOVAV(IPSG3253(-1),4) - 1987.260*DUM951ON$$

$$EEA_ID_3320 = -2135.295 + 58.301*MOVAV(IPSG332,2)$$

$$EEA_ID_3330 = 1708.628 + 18.421*MOVAV(IPSG3332,4) - 5.669*TREND$$

$$EEA_ID_3340 = 12885.666 + 201.349*MOVAV(IPSG3341,4) - 253.789*(MOVAV(IPSG3341,8) / MOVAV(EMD334,8))$$

$$EEA_ID_4200 = 6411.252 + 0.306*EEA_ID_44_45 - 25.482*TREND$$

$$EEA_ID_44_45 = 31540.690 + 195.767*((MOVAV(YPADJ_ID,4)/MOVAV(JPC,4))) - 164.107*TREND$$

$$EEA_ID_48_49_22 = -5380.336 + 0.805*MOVAV(EEA_ID_4200,2) + 2888.643*MOVAV(ID0NPT(-1),8)$$

$$EEA_ID_5100 = -5328.781 + 41.138*MOVAV(IPSG51111,4) + 79.708*TREND + 437.273*DUM061ON$$

$$EEA_ID_52_53 = 3873.046 - 4288.804*DUM981ON + 2.828*(MOVAV(SP500,4)-MOVAV(SP500(-4),4)) + 19.058*ID0KHU + 55.957*(YPADJ_ID/JPC)$$

$$EEA_ID_54_55_56 = -18110.580 + 1.185*EEPBS(EEA_ID/EEA)$$

$$EEA_ID_61_62 = -43189.636 + 52795.602*MOVAV(ID0NPT,4) + 96.646*YPADJ_ID/JPC$$

$$EEA_ID_71_72 = -45656.258 + 127274.111*MOVAV(ID0NPT,8) - 515.076*TREND$$

$$\text{EEA_ID_8100} = 3265.526 + 45.176 * (\text{MOVAV}(\text{YPADJ_ID}, 4) / \text{MOVAV}(\text{JPC}, 4)) + 1254.011 * \text{DUM931964} - 1403.299 * \text{DUM0610N}$$

$$\text{EEA_ID_DMANU} = \text{EEA_ID_WOOD} + \text{EEA_ID_3320} + \text{EEA_ID_3330} + \text{EEA_ID_3340} + \text{EEA_ID_MFDNEC}$$

$$\text{EEA_ID_GOODS} = \text{EEA_ID_MANU} + \text{EEA_ID_2300} + \text{EEA_ID_2100}$$

$$\text{EEA_ID_GV} = \text{EEA_ID_GVSL} + \text{EEA_ID_GVF}$$

$$\text{EEA_ID_GVF} = 3953.983 + 469487.783 * \text{EG91} * (\text{ID0NPT} / \text{N}) + 3860.958 * \text{EG91} * (\text{GFOR} / \text{GFR}) - 4.394 * \text{TREND}$$

$$\text{EEA_ID_GVSL} = \text{EEA_ID_GVSLAD} + \text{EEA_ID_GVSLED}$$

$$\text{EEA_ID_GVSLAD} = -7276.476 + 35466.248 * \text{MOVAV}(\text{ID0NPT}, 4) + 0.193 * \text{MOVAV}(\text{ID0YPTXB}(-4), 4) + 3446.943 * \text{DUM911062}$$

$$\text{EEA_ID_GVSLED} = 8076.800 + 62424.688 * \text{ID0NPT} * ((\text{N} - \text{N16A}) / \text{N}) + 0.372 * \text{MOVAV}(\text{ID0YPTXB}(-4), 2) + 94.470 * \text{TREND}$$

$$\text{EEA_ID_MANU} = \text{EEA_ID_DMANU} + \text{EEA_ID_NMANU}$$

$$\text{EEA_ID_MFDNEC} = -3756.562 + 66.169 * \text{MOVAV}(\text{IPSG339}, 2) + 62.275 * @\text{MOVAV}(\text{IPSG337}, 2)$$

$$\text{EEA_ID_MFNNEC} = 1201.196 + 4.047 * (\text{CNCSR} + \text{CNOOR}) + 23.950 * \text{MOVAV}(\text{IPSG322}, 2) - 14.097 * \text{TREND}$$

$$\text{EEA_ID_NMANU} = \text{EEA_ID_3110} + \text{EEA_ID_3230} + \text{EEA_ID_3250} + \text{EEA_ID_MFNNEC}$$

$$\text{EEA_ID_NONGOODS} = \text{EEA_ID_SV} + \text{EEA_ID_4200} + \text{EEA_ID_44_45} + \text{EEA_ID_GV}$$

$$\text{EEA_ID_SV} = \text{EEA_ID_48_49_22} + \text{EEA_ID_5100} + \text{EEA_ID_52_53} + \text{EEA_ID_54_55_56} + \text{EEA_ID_61_62} + \text{EEA_ID_71_72} + \text{EEA_ID_8100}$$

$$\text{EEA_ID_WOOD} = 18103.024 + 77.950 * \text{MOVAV}(\text{IPSG321}, 2) - 12233.364 * (\text{JECIWSP} / \text{WPI08}) - 53.951 * \text{IPSG321} / \text{EMD321}$$

$$\text{ID0AHEMF} = -1.326 + 12.781 * (\text{EEA_ID_DMANU}(-1) / \text{EEA_ID_MANU}(-1)) * @\text{MOVAV}(\text{JECIWSP}(-1), 4) + 27.247 * (\text{EEA_ID_NMANU}(-1) / \text{EEA_ID_MANU}(-1)) * @\text{MOVAV}(\text{JECIWSP}(-1), 4)$$

$$\text{ID0CRCROP} = -14238.464 + 0.013 * \text{CRCROP} + 471581.192 * \text{WPI01}$$

$$\text{ID0CRLVSTK} = -351442.969 + 0.020 * (\text{CRCATCVS} + \text{CRDAIRY}) + 9707.166 * \text{TREND}$$

$$\text{ID0EXFP} = -66641.887 + 953081.270 * \text{WPI01} + 21348.589 * \text{TREND}$$

$$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$$

$$ID0HSPRS1_A = -451.604 - 1.212*(RMMTGEXIST - MOVAV(RMMTGEXIST(-1),4)) \\ + 282.248*(ID0NPT(-1) - (MOVAV(ID0NPT(-1),8)) + 453.540*(ID0KHU/ID0KHU(-4)/(ID0NPT/ID0NPT(-4)) + \\ 0.0006*TREND$$

$$ID0HSPRS2A_A = 5.488 + 36.772*(MOVAV(ID0NPT(-1),4) - MOVAV(ID0NPT(-5),4)) \\ - 0.247*MOVAV(RMMTGEXIST,4) - 0.003*TREND* RMMTGEXIST$$

$$ID0KHU = ID0KHU1 + ID0KHU2A$$

$$ID0KHU1 = ((0.997)^{0.25}) * ID0KHU1(-1) + ID0HSPRS1_A/4$$

$$ID0KHU2A = ((0.997)^{0.25}) * ID0KHU2A(-1) + ID0HSPRS2A_A/4$$

$$ID0NB = -11.930 + 40.901*ID0NPT - 0.164*TREND$$

$$ID0ND = 1.188 + 5.398*ID0NPT + 0.010*TREND$$

$$ID0NMG = (ID0NPT-ID0NPT(-4)) - (ID0NB - ID0ND)/1000$$

$$ID0NPT = 0.409 + 0.0000008*MOVAV(EEA_ID,4) + 0.004*TREND$$

$$ID0WBB\$ = ID0WBBMF\$ + ID0WBBOTH\$ + ID0WBBCC\$ + ID0WBBF\$ + ID0WBBMIL\$$$

$$ID0WBBCC\$ = (ID0WRWCC\$ * EEA_ID_2300)/1000000$$

$$ID0WBBF\$ = -121.817 + 311.801*WPI02$$

$$ID0WBBMF\$ = (ID0WRWMF\$ * EEA_ID_MANU)/1000000$$

$$ID0WBBMIL\$ = 9.700 + 293.556*(ID0NPT/N)*GFMLCWSS$$

$$ID0WBBOTH\$ = ID0WRWOTH\$ * (EEA_ID - EEA_ID_2300 - EEA_ID_MANU)/1000000$$

$$ID0WRWCC\$ = 7033.834 + 1686.570*ID0AHEMF$$

$$ID0WRWMF\$ = 8776.721 + 531.309*ID0AHEMF + 176.823*@TREND$$

$$ID0WRWOTH\$ = 553.633 + 1820.643*ID0AHEMF$$

$$ID0YDIR\$ = -202.884 + 1.130*((YPAIN+ZADIV+YPRENTADJ)*(MOVAV(ID0YP\$(-1),4)/MOVAV(YP(-1),4)))$$

$$ID0YFC\$ = -27138.116 + 0.901*ID0YFC\$$(-1) + 42199.458*WPI01$$

$$ID0YINV_R\$ = -32177.960 + 0.805*ID0YINV_R\$$(-1) + 64675.757*WPI01$$

$$ID0YP = ID0YP\$/JPC*100$$

$$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSI\$$$

$$ID0YP\$PC = ID0YP\$/ID0NPT$$

$$ID0YPNF = ID0YPNF\$/JPC*100$$

$$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$$

$$ID0YPNFPC = ID0YPNF\$/JPC*100/ID0NPT$$

$$ID0YPPC = ID0YP/ID0NPT$$

$$ID0YPRF\$ = 177.643 + 0.170*((ID0CRCROP+ID0CRLVSTK+ID0YTRF\$+ID0YINV_R\$-ID0YFC\$-ID0EXFP)/1000) + 2.117*TREND$$

$$ID0YPRNF\$ = 70.989 + 4.284*YPPROPADJNF$$

$$ID0YPTXB = (ID0YP\$ - ID0YSI\$ - ID0YTR\$ +)/JPC*100$$

$$ID0YRA\$ = -87.778 + 0.035*ID0WBB\$$$

$$ID0YSI\$ = -21.614 + 2.260*TXSIEC*ID0WBB\$/YPCOMPWSD$$

$$ID0YSUP\$ = 53.838 + 1.561*YPCOMPSUPPAI*ID0WBB\$/YPCOMPWSD$$

$$ID0YTR\$ = -12.328 + 845.009*(YPTRFGF+YPTRFGSL)*(ID0NPT/N)$$

$$ID0YTRF\$ = 26497.24 + 0.010*TRF\$$$

$$IDWAGE = (ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$)/EEA_ID * 1000000$$

$$YPADJ_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$,4) + MOVAV(ID0WBBF\$,4)$$

ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Idaho average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain weighted
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
CRDAIRY	Cash receipts, U.S. dairy
DUM061ON	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or noneconomic event such as strikes, plant opening, or closures, unusual weather conditions, etc.
DUM911062	
DUM931964	
DUM951ON	
DUM981ON	
TREND	
EG91	Employment in federal government
EMD321	Employment in Wood Products
EMD334	Employment in Computer and Electronic Products
EMN311	Employment in Food Manufacturing
EMN323	Employment in Printing and Related Support Activities
GFMLCWSS	Federal government defense personnel outlays
GFOR	Real federal nondefense purchases of goods and services
GFR	Real federal purchases of goods and services
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 2002=100.0
IPSG311	Industrial production index, food, 2002=100.0
IPSG321	Industrial production index, wood products, 2002=100.0
IPSG322	Industrial production index, paper, 2002=100.0
IPSG323	Industrial production index, printing, 2002=100.0
IPSG3253	Industrial production index, agricultural chemicals, 2002=100.0
IPSG332	Industrial production index, fabricated metal products, 2002=100.0
IPSG3332	Industrial production index, industrial machinery, 2002=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 2002=100.0
IPSG337	Industrial production index, furniture and related products, 2002=100.0
IPSG339	Industrial production index, miscellaneous manufactures, 2002=100.0
IPSG51111	Industrial production index, newspaper publishing, 2002=100.0
JECIWSP	Employment Cost Index—Private Sector Wages and Salaries
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
N	Population, U.S.
N16A	Population, U.S., aged 16 and older
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0

WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0
YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends